Employment law roundup: key changes for the 2018/2019 financial year

By Alana Paterson / 29 June 2018
5 min. read

The commencement of the new financial year will bring with it important changes to minimum wages, income thresholds to access unfair dismissal remedies and the popular per kilometre work-related tax deduction.

In this article, our Employment Law team have summarised the significant changes employers need to be aware of. Depending on your individual circumstances, immediate action may be required from 1 July 2018 to ensure ongoing regulatory compliance.

Increases to minimum wage rates for national system employers

On 1 June 2018 the Fair Work Commission (FWC) published its Annual Wage Review 2017-18. The following changes to minimum wages take effect from the first full pay period on, or after, 1 July 2018:

- All modern award rates of pay will increase by 3.5 percent, with flow-through proportionate increases to hourly minimum wages and annual salaries;
- The national minimum wage for adults working full time (38 hours per week) will increase from $694.90 to $719.20 (an increase of $24.30 per week);
- The national minimum hourly rate for permanent national system employees will increase from $18.29 to $18.93 per hour (an increase of 70 cents per hour); and
- The casual loading for award/agreement free employees remains set at 25 per cent, consistent with the standard casual loading in modern awards.

The above new rates provide for a higher increase than last year’s increase of 3.3 percent. The FWC considered that there was no “discernible detriment” to arising from last year’s increase and that this year’s decision would be “highly unlikely to have any measurable negative impact on employment”.

The new financial year is an ideal time for employers to review their employees’ pay rates to ensure that they are at least meeting the increased minimum rates of pay.

For further information, please see our earlier article on this decision.

Changes to minimum wage rates for WA system employers

For those employers in WA who are outside the national system, effective from 1 July 2018:

- the minimum wage will increase from $708.90 to $729.90 per week; and
- all pay rates in state awards will similarly increase by $18 per week.

In the WA private sector, this change applies to the employees of employers who are not incorporated, such as sole traders and partnerships of individuals.

This decision continues a pattern of reducing the gap between the WA minimum wage and the national minimum wage. While just a few years ago, the WA minimum wage was some $23.00 a week higher than the national equivalent, this has been steadily reduced to $14.00 per week last year and $7.70 per week this year.
However, the Western Australian Industrial Relations Commission (WAIRC) concluded that “the economic circumstances in Western Australia appeared to have reached the bottom of the cycle and there are signs of improvement for the future.” In particular, the WAIRC noted cause for “cautious optimism” in respect of Gross State Product, unemployment figures and small business performance.

### Changes to the high income threshold in the federal unfair dismissal jurisdiction

Separately, the FWC has announced the high income threshold for the purposes of the Fair Work Act will increase from $142,000 to $145,400 from 1 July 2018. The threshold, which is indexed annually from 1 July, is relevant for the purposes of:

- **protection from unfair dismissal** - a federally regulated employee, does not have access to the federal unfair dismissal jurisdiction if their annual rate of earnings exceeds the high income threshold unless they are covered by an award or statutory workplace agreement (s.382 of the Fair Work Act);
- **maximum compensation from an unfair dismissal claim** - the maximum compensation which might be awarded by the Fair Work Commission for a successful unfair dismissal claim will increase to $72,700 (i.e. half the new high income threshold and up from $71,000) (s.392(5) of the Fair Work Act); and
- **considering whether a modern award applies to an employee** - a modern award, that would otherwise apply to an employee, does not apply where the employee is a high income employee with a guarantee of annual earnings (s.47 and 329 of the Fair Work Act).

### New Fair Work Information Statement

The Fair Work Ombudsman has published an updated version of the Fair Work Information Statement incorporating the 1 July 2018 changes.

The Fair Work Information Statement informs employees about several matters, including the National Employment Standards and the high income threshold pursuant to s.124 of the Fair Work Act.

The latest version can be accessed here.

It is a requirement under s.125 of the Fair Work Act that a national system employer give each employee a copy of the Fair Work Information Statement before, or as soon as practicable after, the employee starts employment.

Failure to give the Statement, or the current version of it, is a breach of the National Employment Standards, attracting liability to a civil penalty.

### Increases to civil penalties

The maximum civil penalties applicable to breaches of the civil penalty provisions of the Fair Work Act will remain unchanged for the 2018-2019 financial year as follows:

- for corporate contravenors – $63,000;
- for individual contravenors – $12,600.

Civil penalty provisions within the Fair Work Act include those relating to:

- compliance with the National Employment Standards, modern awards and enterprise...
agreements;
- protection of workplace rights and other employee protections;
- rights of entry, and
- industrial action.

Rate change for work-related car expense deduction

The Australian Taxation Office has announced that the cents per kilometre deduction for work-related car expenses will increase to 68 cents effective 1 July 2018.

This represents a 2 cent per kilometre increase on the rate that has been in existence since 2015-16. This deduction method can be used to claim up to a maximum of 5000 business hours and around 870,000 people claim the maximum amount each year.

The rate will remain in place until varied by the Commissioner of Taxation.

For more information about the changes to be introduced, please contact HopgoodGanim Lawyers’ Employment Law team.

29 June 2018

employment / civil penalties / rate change / high income threshold / minimum wage / unfair dismissal

Authors
Alana Paterson
Special Counsel
Alana is a Special Counsel in our Workplace and Employment practice.
+61 7 3024 0352 a.paterson@hopgoodganim.com.au

Meet our Workplace and Employment team
Previous article Next article