



ENews

THE NEXT 4 YEARS

If you're like most people, after the first few weeks of the recent election campaign your eyes had probably glazed over. Next time we blinked it was election night. Now, there is a new Government in power and a new Prime Minister determined to make a mark.

We thought it was a good time to review what was promised and what we can expect from the new Government:

What will happen to workchoices?

The Government announced that it will introduce transitional legislation to start pulling WorkChoices apart. The first step is to prevent any further AWAs being created. The second step is to abolish the fairness test. The third is to create a no-disadvantage test.

Underpinning the shape of the new industrial relations system is the introduction of 10 new national employment standards. Initially intended to be included in the transitional legislation, the employment standards will now be open for consultation and not finalised until June 2008.

The policy statement released during the election campaign lists these employment standards as:

- 1. Hours of work** - A standard 38 hour working week for full time employees.
- 2. Parental leave** - Both parents will have the right to separate periods of up to 12 months of unpaid leave associated with the birth of a baby. Where families prefer one parent to take a longer period of leave, that parent will be entitled to request up to an additional 12 months of unpaid parental leave from their employer. The employer may refuse the request for the additional 12 months' leave on reasonable business grounds. As yet we do not know what reasonable business grounds means and how this will be tested or applied in practice.
- 3. Flexible work for parents** - a right for parents to request flexible work arrangements until their child reaches school age. Once again, employers will be able to refuse any request on reasonable business grounds.
- 4. Annual leave** - All full time non casual employees will be guaranteed 4 weeks' paid annual leave each year. Part time employees will be entitled to 4 weeks' annual leave paid pro rata. Shift workers will be entitled to an additional paid week of annual leave.
- 5. Personal, Carers and Compassionate leave** - All full time non casual employees will be entitled to 10 days' paid personal and carers leave each year. Part time employees will be entitled to 10 days' personal leave paid pro rata. These employees will also be entitled to 2 days' paid compassionate leave on the death or serious illness of a family member or a person the employee lives with. All employees will be entitled to an additional 2 days of unpaid personal leave where required for genuine caring purposes and family emergencies.

6. Community Service Leave - Employees will be entitled to leave for prescribed community service activities.

7. Public holidays - where an employee works on a public holiday, they will be entitled to an appropriate penalty rate of pay or other compensation. This will be set out in the applicable award.

8. Information in the workplace - Employers must provide all new employees with a Fair Work Information Statement which contains prescribed information about the employee's rights and entitlements at work, including the right of the employee to choose whether to be or not to be a member of a union and where to go for information and assistance.

9. Termination of Employment & Redundancy - All employees will be entitled to fair notice of termination under a prescribed scale. Where an employee is over 45 years of age and has at least 2 years' continuous service, the employee will be entitled to one additional week of notice.

Employees who are made redundant and who are employed in workplaces with 15 or more employees will also be entitled to redundancy pay as determined by the Australian Industrial Relations Commission in the 2004 Redundancy Test Case.

10. Long Service Leave – A commitment to work with the States to develop nationally consistent long service leave entitlements. In the transitional period, Labor's guaranteed entitlement to long service leave will reflect the long service leave arrangements currently contained in State laws or federal awards and federal agreements.

Where Australian Workplace Agreements have been entered into, these agreements will stand until they expire. AWAs made under current law inclusive of the Howard Government's changes to WorkChoices in 2007, will be assessed under that law, not under the new law. This includes the AWAs currently being processed (some 140,000). The operative date for the making of those agreements is the date that they were made, not the date that ultimately they get assessed.

In terms of who sets the standards for minimum wages, the Australian Fair Pay Commission will continue to deal with minimum wages for the two-year transitional period. When the new workplace relations system is in full operation from 1 January 2010, then the setting of minimum wages will be undertaken by Fair Work Australia.

Unfair dismissal rules will also change when the transitional legislation becomes law. Labor has previously stated that small businesses with fewer than 15 employees will not face an unfair dismissal claim from any employee who has been employed for less than a year.

Tax and business issues

The newly formed Government will:

- ▶ Honour the tax cuts outlined in the 2007-08 Budget.
- ▶ Provide tax cuts of equal value to those proposed by the government for individuals earning up to \$180,000 per year.
- ▶ Defer the Government's proposed tax cuts for those individuals earning more than \$180,000 per year and direct \$2.3 billion of this amount to an Education Tax Refund for all families receiving Family Tax Benefit A with children at school.

Over six years, by 2013-14, the Government intends to flatten Australia's income tax system by reducing the number of personal income tax rates from four to three – with a personal income tax scale of 15 per cent, 30 per cent and 40 per cent.

Current tax rates

\$0 to \$6,000 - 0%

\$6,001 to \$30,000 - 15%
\$30,001 to \$75,000 - 30%
\$75,001 to \$150,000 - 40%
\$150,001 plus - 45%

2010 - 11 tax rates

\$0 to 6,000 - 0%
\$6,001 to 37,000 - 15%
\$37,001 to 80,000 - 30%
\$80,001 to 180,000 - 37%
\$180,001 plus - 45%

Aspirational (2013 – 14)

\$0 – \$6,000 - 0%
\$6,001 – \$37,000 - 15%
\$37,001 – \$180,000 - 30%
\$180,001 plus - 40%

The 50% Education Tax Refund

The 50 per cent tax refund for education expenses is available to families who receive Family Tax Benefit (Part A). Families will submit their application for this refund as part of their annual tax return. The refund comprises of:

- ▶ A 50 per cent annual refund of up to \$750 of education expenses for each child attending primary school (maximum \$375 per child, per year).
- ▶ A 50 per cent annual refund for up to \$1,500 of education expenses for each child attending secondary school (maximum \$750 per child, per year).

Eligible items will include laptops, home computers, printers, home internet connection, education software and school text books.

Superannuation

No major changes to the superannuation system have been announced. For small business however, the Government may move to alleviate the administrative burden of the 'choice' regime which allows every employee to choose their superannuation fund. The proposed solution is to provide an optional Superannuation Clearing House for all businesses that want to use it. Business operators would make payments into one central clearing house at which point their legal responsibility is discharged.