



CASUAL LOADINGS & BASIC PIECE RATES OF PAY

The Commission's first wage-setting decision has **three** elements:

- an **increase** of \$0.72 to the standard Federal Minimum Wage (to \$13.47 an hour);
- an **increase** of \$0.72 to basic periodic rates of pay in all Australian Pay and Classification Scales (Pay Scales) up to \$18.42 per hour (i.e. up to around \$700 per week based on a standard 38 hour week¹); and
- an **increase** of \$0.58 to basic periodic rates of pay in all Pay Scales above \$18.42 per hour (i.e. above around \$700 per week based on a standard 38 hour week²).

The increases flow on to basic piece rates of pay. In general, the decision applies the increases to the minimum rates for these employees in accordance with the way they were increased by general wage increases in the past.

The decision takes effect from **1 December 2006** (commences midnight November 30).

Casual Employees

Preserved casual loadings and the default casual loading will not be increased by this decision. As a result of the decision, casual employees will receive a pay increase through:

- the general pay increase that adjusts their base rate of pay; and
- a higher dollar value for any given casual loading by virtue of the fact that the loading is applied to a higher base rate.

Where preserved Pay Scales provide a flat dollar amount for casual employees, these rates will be increased by the same amounts and in the same way as the general increase.

What does an increase in the minimum wage mean for casual workers?

The general wage increase flows automatically to casual employees.

For example:

for casual employees working 20 hours per week at an hourly rate of \$15.00 an hour with a 20 per cent casual loading, resulting in weekly earnings of \$360.00, the hourly wage will increase to \$15.72 an hour which, coupled with the casual loading of 20 per cent, will raise their earnings to \$377.28 per week.

¹ \$18.42 per hour x 38 hours equals \$699.96 per week. Therefore the hourly increase of \$0.72 was granted to Pay Scales providing rates of pay up to and including \$18.42 per hour).

² \$18.42 per hour x 38 hours equals \$699.96 per week. Therefore the hourly increase of \$0.58 is granted to Pay Scales providing weekly rates of pay above \$699.96 per week.

Piece rate workers

Work Choices now distinguishes 'basic piece rates of pay' from incentive-based payments which are underpinned by basic periodic rates of pay.

Pre-reform wage instruments provided for a range of arrangements termed as piece rates: piece work, incentive-based systems, task systems, commissions and payment by results. However, for rates of pay that have a weekly retainer as well as a piece rate component, the piece rate component remains in an award as an incentive-based payment. Where pre-reform wage instruments provide for remuneration based exclusively on piece rates, those rates are preserved in Pay Scales as basic piece rates of pay.

In general, the Commission decided to increase the minimum rates of pay of piece workers in accordance with the way they were increased by general wage increases in the past. This means that where the relevant Pay Scale contains a formula to calculate the piece rate, the rate is updated using the formula. Where there is no percentage or formula for adjustment in the Pay Scale, the basic piece rate is increased by 5.65 per cent.

What does an increase in the minimum wage mean for piece rate workers?

The general wage decision will flow on to basic piece rate Pay Scales by applying a 5.65 per cent increase to basic piece rates.

For example, a berry fruit picker on piece rates earning \$3.00 per kilo will have their piece rate increased to \$3.17 per kilo.

However, an affected person or business may make a submission to the Commission on the grounds that the adjustment would result in an anomalous outcome inconsistent with the Commission's intention to flow on the general increase to piece rate workers.

Need further information?

If you would like more information on wage rates, call the **WorkChoices Infoline** on **1300 363 264**

If you would like to view the Commission's Decision in full or check other fact sheets in this series, you can visit the **AFPC web site** at www.fairpay.gov.au