



## General Wage-Setting Decision 2008



### FACT SHEET

#### **General Wage-Setting Decision 2008 and the use of formulas to adjust rates of pay – the operation of clause D1**

The Australian Fair Pay Commission's general Wage-Setting Decision 2008 flows on its general increase across Australian Pay and Classification Scales (Pay Scales) according to formulas that applied in pre-Work Choices wage instruments (usually federal and state awards).

Clause D1 of general Wage-Setting Decision 2008 provides the legal basis for this to occur. Clause D1 states that:

Where a basic periodic rate of pay or a basic piece rate of pay was derived from a rate in a pre-reform wage instrument that, immediately before 27 March 2006, was determined in accordance with a formula or method which referred to another rate of pay, then the basic periodic rate of pay or the basic piece rate of pay is increased by applying that formula or method to the basic periodic rate of pay or basic piece rate of pay derived from that other rate of pay (as it was immediately before this wage-setting decision), after that derived rate of pay has been increased by Section C or Section D, as applicable, of this wage-setting decision.

Clause D1 applies to employees who are covered by a Pay Scale that sets out a method of calculating the employee's rate of pay (method) by reference to some other rate of pay.

Where an employee's rate of pay is referenced to some other rate of pay (reference rate), the wage increase awarded by general Wage-Setting Decision 2008 is flowed on by increasing the reference rate and then applying the method to the new, increased reference rate.

The Commission has adopted this approach to flowing on its general wage increases in 2006 and 2007.

### **Example**

Rory is 19 years old and works as a Clerical Assistant for Sophie's Sofas Pty Ltd in Tasmania. Rory is therefore covered by the Pay Scale derived from the Clerical and Administrative Employees (Private Sector) Award [TAS].

The Pay Scale derived from the Clerical and Administrative Employees (Private Sector) Award states that 19 year old Clerical Assistants receive a rate of pay equivalent to 80 per cent (the method) of the Grade 1(1A) rate (the reference rate) that is set out in the Pay Scale.

Clause D1 of general Wage-Setting Decision 2008 operates to provide a wage increase for Rory in the following way:

The appropriate section of general Wage-Setting Decision 2008 (in this case Paragraph C1(a)) is applied to increase the reference rate. Paragraph C1(a) provides for a \$0.57 increase to the Grade 1(1A) rate, increasing it from \$14.73 per hour<sup>1</sup> to \$15.30 per hour.

Rory's hourly rate of pay is then calculated by taking 80 per cent of \$15.30, the increased reference rate, according to the method set out in the Pay Scale.

Rory is guaranteed the resulting basic periodic rate of pay of \$12.24 per hour.

### **Need further information?**

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

People with a hearing and/or speech impairment can contact the **National Relay Service** on **133 677** or **freecall 1800 555 677**.

If you would like to view the Commission's decision in full, or check other fact sheets in this series, you can visit the **Australian Fair Pay Commission website** at [www.fairpay.gov.au](http://www.fairpay.gov.au).

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<sup>1</sup> Hourly rate of pay drawn from the Workplace Authority Pay Scale Summary published 20 August 2007.