



FACTSHEET
Award Modernisation
December 2009

Australian
Council of
Social Service

Award Modernisation

What will it mean for COSS Members?

Prepared by the national, state and territory Councils of Social Service

Following the announcement of a pay equity test case to be run by the Australian Services Union (ASU) with the support of the Commonwealth government, the Australian Industrial Relations Commission has agreed to put *on hold* implementation of the modern award until 1 July 2011.

Key Points

- **Award Modernisation is a process of rationalising 47 existing state and federal awards** to create a system of 'modern awards' that will operate within the Commonwealth workplace relations system.
- While the modern award will be **introduced under the new federal workplace relations system from 1 January 2010**, **key aspects** of its **implementation** will not take place until **1 July 2011**.
- **Award Modernisation only applies to those awards that are currently in the federal system.** This includes state awards that have referred their industrial powers to the Commonwealth: which is all states that previously had social and community services within their jurisdiction except Western Australia.
- The modern award does not apply to those working in the federal system under an *agreement, not an award*. It also does not apply where pay rates are above the award.

Award Modernisation Process

The Australian Industrial Relations Commission has rationalised 47 existing state and federal awards, across many different industries and sectors, to create a system of 'modern awards' that will operate within the Commonwealth workplace relations system.

The purpose of awards is to set minimum standards for employment. Thus employers paying above award rates are not affected. The modernisation process takes into account community standards and historical developments as well as economic arguments. Those transitioning to new awards will do so in a 20% step each year, either downward (if their old award was above the new award) or upward (if their old award was below the new award).

Who is covered by the modern awards?

Award modernisation only applies to those working under awards in the federal system. With the exception of Western Australia, all state awards have been referred to the federal system. However, the terms of that referral mean that the state awards are *preserved* for 12 months. Thus the modern award will not apply for those covered by the (referred) state awards, until 1 July 2011.

The modern award does not affect:

- people working in the federal industrial system under a workplace agreement;
- employees of non-trading corporations; or
- employees working under above-award conditions.



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Pay Equity Test Case

The Commonwealth Government and the ASU have reached agreement on running a pay equity case for all Australian Social and Community Service (SACS) workers. The pay equity test case has significant implications for modern awards, particularly in relation to pay rates.

The award modernisation process has been revised following the announcement of the Pay Equity case. The modern award will include classifications and minimum wages as deemed appropriate by the Commission. However the implementation of the new classifications and wages will be delayed until 1 July 2011 when, it is hoped, the pay equity case will have concluded.

National Employment Standards

As of 1 January 2010, modern awards will sit alongside the new National Employment Standards, which reflect the minimum standards that already exist for workers.

The National Employment Standards will cover:

- maximum weekly hours of work
- the right to request flexible working arrangements
- parental leave and related entitlements
- annual leave
- personal/carers leave and compassionate leave
- community service leave
- long service leave
- public holidays
- notice of termination and redundancy pay
- a 'Fair Work Information Statement' for all employees that make clear their rights and entitlements under the new system and how to get advice and help

Timetable

The modern award for the social and community services sector was finalised on 4 December 2009. Modern awards will come into effect with the Commonwealth Government's new workplace relations system on 1 January 2010 *with staggered implementation*.

- **State awards** that have been **referred to the federal system** are preserved so that the current conditions will remain until **1 July 2011**.
- For awards otherwise in the federal system, and where the modern award improves existing conditions for **non pay-related** items, these will need to be complied with from **1 January 2010**.
- **Pay-related items** will be implemented from **1 July 2011**.

For more information:

- [The Social, Community, Home Care and Disability Services Industry Award 2010](#)
- [The Fair Work Act 2009](#)
- [The Councils of Social Service network AIRC submission](#)
- [AIRC comparative schedules outlining differences between modern awards and pre-reform federal and state awards](#)

This Fact Sheet will be updated as and when changes occur, so please monitor www.acoss.org.au or the website of your state or territory Council of Social Service.