



# INFORMATION SHEET

## Workplace Services

Reference no: NFSIRC1302A  
Current: 20 February 2020

### NAT- Annualised salaries under the Clerks Award

Do you pay your clerical employees an annual salary? If you do, you need to be aware of changes to the Clerks Private Sector Award 2010 (Clerks Award) concerning annualised salary arrangements.

The new clause will impose greater requirements on employers where paying employees an annual salary to ensure employees are not worse off under these arrangements.

The changes are expected to **take effect from 1 March 2020**.

#### What are the changes?

The new clause requires you to:

<i>Advise employees in writing and keep records</i>	<ul style="list-style-type: none"><li>➤ Of the provisions of the award which will be taken into account by payment of an annual salary. This can include minimum wages, allowances, overtime rates and penalties, annual leave loading.</li><li>➤ How the annual wage is calculated. This includes a breakdown of how much overtime the employee may work and any penalty rates that may be payable that has been included in the annual salary.</li><li>➤ The maximum number of ordinary hours that an employee can work within a pay period or roster cycle before an employee is entitled to the payment of a penalty rate or overtime on top of their annual salary.</li></ul>
<i>Make additional payment</i>	<ul style="list-style-type: none"><li>➤ To employees if excess hours are worked beyond their set maximum ordinary hours.</li></ul>
<i>Keep records</i>	<ul style="list-style-type: none"><li>➤ Of start and finishing times, and unpaid breaks. The records are to be signed by employees or acknowledged as correct in writing (including by electronic means) each pay period or roster cycle.</li></ul>
<i>Conduct a reconciliation</i>	<ul style="list-style-type: none"><li>➤ Every 12 months from the commencement of the annualised salary arrangement (or on termination of employment) to calculate whether the employee is better off under the annualised arrangement as compared to the award; and</li><li>➤ Any shortfall must be paid to the employee within 14 days.</li></ul>

DISCLAIMER - The above is intended to provide general information in summary form. The contents do not constitute specific advice and should not be relied upon as such. Formal specific advice should be sought by members with respect to particular matters before taking action.

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## What should be done now?

As the new clause is yet to commence, it is suggested you:

<i>Do a 'stocktake'</i>	<p>Consider:</p> <ul style="list-style-type: none"> <li>• which employees in your business will be affected, and identify the hours they ordinarily work, including overtime hours.</li> <li>• if they would regularly work hours that would ordinarily under the award attract penalty rates, and are they likely to continue to do so going forward?</li> </ul> <p>If this is likely, it may be time to consider reviewing the annualised salary to ensure you're limiting the potential of a shortfall.</p>
<i>Consider your time recording systems.</i>	<p>Implement a new system in the workplace where employees must:</p> <ul style="list-style-type: none"> <li>• record their start and finishing times, including times for breaks,</li> <li>• sign or acknowledged that the record is correct</li> </ul> <p>This will ensure you have an accurate record to carry out any reconciliation activities as required.</p>
<i>Consider your payroll process.</i>	<p>Whilst the Clerks Award will impose an annual obligation on employers to conduct a reconciliation, consider if it more feasible or appropriate for your business to carry out quarterly or six monthly reconciliations to ease any potential shortfall obligations?</p> <p>Determine the best method to suit the business, so as long you meet the annual obligation.</p>
<i>Consult with affected employees</i>	<p>To ensure they are aware of this additional employee protection and the obligation to keep record of hours.</p>
<i>Consider your employment contracts</i>	<p>To determine if any updates need to occur. This is something a HIA Workplace Adviser may be able to provide you guidance on.</p>

It is recommended you're on the HIA award update list to ensure you obtain any necessary updates.

*For any further information or assistance contact HIA Workplace Services on 1300 650 620*