Haycroft Workplace Solutions
Australia's foremost workplace experts

WORKPLACE BUZZ

AUGUST, 2008

1st October 2008 Pay Rate Increase

In it's July 2008 general Wage-Setting Decision, the Commission has increased the standard Federal Minimum Wage (FMW) and all Australian Pay and Classification Scales (Pay Scales) by **$21.66 per week**. The standard FMW has increased from **$13.74** to **$14.31 per hour.**

The General Wage-Setting Decision 2008 has two main elements:

- an **increase** of $21.66 per week ($0.57 per hour) to the standard Federal Minimum Wage (FMW) bringing the weekly rate to $543.78. The standard FMW increases from $13.74 to $14.31 per hour; and
- an **increase** of approximately $21.66 per week ($0.57 per hour) for adult rates of pay in Australian Pay and Classification Scales (Pay Scales).

The decision takes effect from the **first pay period on or after 1 October 2008**.

These increases flow on to junior employees, employees to whom training arrangements apply, employees with a disability, casual employees and employees receiving basic piece rates of pay.

www.fairpay.gov.au Tuesday 8th July 2008

Editorial - Wage Increases

The Australian Fair Pay Commission (AFPC) is continuing in the same flawed tradition as its predecessor, the Australian Industrial Relations Commission.

In an attempt to look as though they are doing something for the downtrodden, the AFPC is actually causing more harm than good. It's not the inflation bogey that the critics throw up each year when this ritual is enacted - it's just the sheer inefficiency of what is done in the name of giving more money to poor people.

No one begrudges poor people getting a little more, but remember where it's coming from. Although it looks like employers are coughing up (and they do initially), over time the real costs of this pay increase work their way through to the ultimate payers; not the taxpayers who arguably should be footing the bill, but the soon-to-be unemployed. The real battlers on struggle street.

Let me explain by making two points.

One. Over half of the lowest paid workers are actually in the families of the top half of all family incomes - part-time mums with full-time working husbands or vice versa. So, half of the recipients of the pay increase don't actually need it. This is not to say they won't think they deserve it, but by any definition they don't need it and if it was means tested they certainly wouldn't qualify.

Now let's look at the other half of the lower paid workers group. They are genuinely doing it tough and nearly all would be on government assistance, which certainly is means tested. So, most of the people who really need help actually see very little after their various family assistance packages are taken into account in the pay increase. If the goal was to help the poor people then this has got to be a really dopey way of achieving it.

Two. The present labour shortage has meant that there are few workers actually getting the minimum paid rates.

You can't generalise too much because there are significant regional differences, but certainly in the cities it is true that the vast majority are already earning at least the proposed increase more than the minimum. In that respect the scene has now been set for the real damage to be done to the most vulnerable in our society.

The coming recession, accelerated by the nonsense about "Emissions Trading Schemes" will put real pressure on skills and wage costs. But the AFPC decision has just removed the flexibility to move wages back a little. All that can now happen is that businesses will wind back the use of low skill labour. That's a euphemism for 'stop employing so many people'. And who are going to lose their jobs first? That's right; the battlers.

In summary, all that is achieved by these pay increases is that the wealthy families with one partner working in a 'low paid' job get extra income for no increased productivity at the expense of jobs of the battlers.

If we really wanted to help the working poor it would be far more efficient and equitable to use the tax and transfer system through the social security network.

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Transport sector considered to be at high risk

A recent audit of a Sunshine Coast transport company unearthed $34,458 in underpayments due by the company for not paying correct penalty rates or overtime.

This company was not fined for their mistake, but Workplace Ombudsman Nicholas Wilson has put the transport industry on notice because his office had received 2500 wage claims against this industry sector across the country over the past two years.

So is there a better way to pay drivers and at the same time to get more work done? We understand that working just 38 hours in this industry is unrealistic as there are all the costs including loans or leases associated with equipment that have to be paid even if the equipment is sitting idle.

So, if you could have 4 trucks each working 50 hours instead of 5 trucks working 40 hours each, you would be much better off.

In the past the problem with this has been the penalty and overtime loading rate incurred with the increased work hours.

That's where our Professional Employment Organisation (PEO) system comes in. We lodged CWAs before any fairness or disadvantage test came in, which means that by working in conjunction with us you can now legally pay drivers flat rates 365 days a year, 7 days a week, 24 hours a day. This keeps those trucks rolling for more hours and includes payroll, PAYG tax, superannuation and all the other things about employing people that cost you time and money and reduce productivity.

Good workers (which are getting hard to find and harder to keep) also benefit as they can now work longer hours if they wish and therefore earn more money.

By working with us this way and using our PEO you can now focus on what you do best in your business that actually makes you money while we take care of the things that cost you money.

If you would like one of our consultants to assess your situation and see how we can improve it, please email us or contact us on 1300 766 380.

Managing your loans to preserve cash

by Peter Ambrosiussen, director of Business Improvement Specialists, Ambrosiussen Accountants & Advisors Pty Ltd.

When my wife was having our last child the doctor thought there could be complications and so he ordered in blood supplies as a precaution. We were very grateful for the doctor's foresight because as it turned out the blood was needed. Having the blood on hand probably meant the difference beetween life and death of my wife. Just as blood is critical for the survival and functioning of a body so is cash for a business. It is best to have our own cash reserves, but there are times when we need to have cash reserves available from the bank.

We are entering a time of slower economic growth and reduced demand for what we sell. In such an environment you need cash supplies available in case problems arise.

The first step should be to see what you can do to generate more cash from your business. For example reducing debtors (people that owe you money), reduce costs or reduce what you (the owner) take out of the business. Be more proactive with your sales. Perhaps sell some assets that are not generating income.

Then see how you can get the bank to help. Start by establishing a relationship with a business banking manager at your bank. Give them an understanding of your business and what you are trying to achieve. Show them how you are financially managing your business, by prompt monthly profit and loss statements and monitoring your debtors, creditors and stock levels.

The main way a bank provides the reserves to you is in the form of an overdraft or line of credit. The problem is most of us have used these up to the limit so they are no longer a reserve. If this is the case then set yourself an initial goal of being out of overdraft for half the month. If this is not possible then look to see if you can get part of the overdraft turned into a term loan and have the bank supply you with a line of credit to give you that reserve. Only use the line of credit when you have to and transfer it back as soon as you have available funds in the bank account. It is better to put this in place when you are in a stronger financial position and not when you are in trouble. If you have loans being paid off in a short period seek to renegotiate to stretch out the term. Rapid repayment of debt drains cash flow, especially as it has to be made in after tax dollars. If you have used the loan to purchase property seek to make it interest only. As property values increase your equity will then increase.

Try to get an offset account. As you have cash available you can park it in this to reduce your interest costs, and still have your funds available if you need them.

The best way to keep your business healthy is to maintain a strong cash flow within the business. However for emergency situations it is good to have an external supply of cash that can be quickly called on. Be prepared.

Haycroft Workplace Solutions uses and recommends Bank of Queensland Caloundra branch for all business and individual banking needs. Please contact owner/managers Alan or Adam on (07) 5491 6877.

Profile: Meet the Team - Rachael Kane

Rachael is the recruitment officer and receptionist for the Sunshine Coast office working with clients throughout the coast and northern regions. When she's not short-listing resumes, interviewing potential employees and taking job details she keeps busy helping out with client and employee enquiries as well as a myriad of other administrative tasks.

Rachael has been with the company for over a year and has recruited staff for a wide range of industries including clerical, building and construction, hospitality and retail and is now expanding to include international candidates.

When she isn't hard at work Rachael enjoys sharing her time between the Sunshine Coast and Brisbane visiting friends and family.