



Awards, Agreements and Entitlements

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Introduction

An award sets out the minimum conditions and terms for employment. It provides you with information about how much to pay your employees, how much leave or overtime employees are entitled to, notice periods, employee and employer responsibilities, and much more.

Modern Awards and the National Employment Standards (NES)

As of 1 January 2010, all of the states and territories except [Western Australia](#) are part of the federal industrial relations system.

This means that all of the states, except WA, have handed over their powers to make industrial laws to the federal government.

The employers in these states and some employers in WA, are called [National System Employers](#)

In 2010, all federal awards in Australia were modernised into industry-based awards. There are currently 122 industry and occupation awards that cover most people working in Australia. The majority of agricultural jobs are covered by either state (WA only) or federal awards and it is important that you know which award applies to the work done on your farm.

Although the modern awards were introduced in 2010, there are special rules about when the relevant awards began to apply. These rules depend on your business structure and award coverage as at 1 January 2010, see the [Modern Awards Fact Sheet](#) for more information.

It is your obligation to ensure both you and your employee understand the award that covers his or her job. Your state farming organisation can also advise you about which award (if any) applies to your business.

Most of the awards incorporate some of the minimum standards set out in the [National Employment Standards](#)

At the end of this section, you will find a summary of information for your industry, regarding pay rates, overtime, ordinary hours of work and classifications as set out in the relevant award. The resources section also has full pay summary PDFs for each award that you can download.

REMEMBER

Minimum wages will change each year as of the first pay period on or after the 1st of July each year. It is your responsibility to make sure you have the latest and most up to date copy of the relevant award.

RESOURCES AND REFERENCES

[All awards via the FWO site](#) - Link

Pay summary sheets via the FWO site:

[Pastoral - PDF](#)

[Horticulture - PDF](#)

[NES summary and full information](#) - Link to PDF

[WA specific information](#)- PDF

[Glossary](#) – PDF

[Modern Awards Fact Sheet](#) - Link to PDF

Determining pay rates and classifications

Pay rates

Minimum rates of pay, overtime, and allowances differ between awards and also within awards. Determining wage, rates is relatively easy once you know which award applies and which classification applies to the employee. The Fair Work Ombudsman has a very useful [Pay and Conditions Tool \(P.A.C.T\)](#) that can calculate all your employee allowances, penalty rates, and more.

Once you have entered all the relevant information, you can create a PDF of the pay summary and file it with your [Employee Records](#) (see Information specific to your industry sector for relevant pay summary examples).

NOTE

Pay rates will change as of the first pay period on or after 1 July each year – double check that you have the current version of the awards and pay rates by visiting the [Fair Work Ombudsman web site](#).

Market rates v. award rates

The market rate is the 'going rate' in any given industry and is usually above the minimum rate of pay. Employers pay these competitive rates because they want to attract the 'right person for the job'.

Whilst an employer must comply with the minimum rates of pay that are set by awards, federal laws and [state laws in WA](#), the actual rate of pay will depend on a number of different things.

Some of these are:

Pay for ordinary hours

[Ordinary hours of work](#) is an important concept because it is used to calculate leave entitlements, overtime, and termination payments. Each award defines ordinary hours in a different manner and you can check the ordinary hours of work for the award relevant to you by visiting the [Fair Work Ombudsman website](#) or reading the industry specific information below.



Rates for trainees

A trainee is an employee undertaking a traineeship under a training contract. A training contract means an agreement for a traineeship made between an employer and an employee which is registered with the relevant State or Territory training authority. Each award will have its own schedule that sets out terms, conditions and pay rates under the [National Training Wages](#)

Junior wages

Junior wages apply to employees under 20 and are the same in the Pastoral Award 2010, the Horticulture Award 2010, and Cotton Ginning Award 2010. They are a set percentage of the adult rate. See the table below for more information.

Supported wages

The Supported Wage System increases employment opportunities for people with disability by giving employers the opportunity to pay a productivity-based wage to people with disability. Each award will have information regarding its approach to the Supported Wage System, you can also download the [Australian Government fact sheet](#) for more information.

Apprenticeship

Apprentices receive the same entitlements as other employees such as annual leave, sick leave, public holidays, and breaks. However there may be certain entitlements that apprentices don't receive as they may be entitled to paid leave for training or other training related entitlements. Check the relevant award for a full list of pay rates and entitlements, you can also find more information at the [Australian Apprenticeships web site](#)

Pieceworker

A pieceworker is an employee who is paid a rate set by reference to a quantifiable output or task. Essentially, they are paid for what they do rather than at an hourly rate. The Horticulture Award 2010 allows for employees to enter into an agreement to be paid as a pieceworker. There must be a written and signed piecework agreement.

Rates for Managers

Business managers will be award free provided their duties and responsibilities are greater than the highest classification set out in the relevant award. The National Employment Standards apply, but overtime and penalty rates do not apply as these are award entitlements. If managers are going to work more than 38 hours per week, the additional hours must be 'reasonable'.

The [Federal Employment Contract template](#) template can be used for managers. In the contract template, delete the reference to the award'. See the section below for more information about [Award Free Employees](#)

NOTE

To determine whether additional hours are reasonable, employers need to weigh up all of the factors below:

- any risk to employee health and safety from working the additional hours;
- the employee's personal circumstances, including family responsibilities;
- the needs of the workplace or enterprise in which the employee is employed;
- notice given by the employer of any request or requirement to work the additional hours;
- notice given by the employee of his or her intention to refuse to work additional hours;
- whether the employee is entitled to receive overtime payments, penalty rates or other compensation for working additional hours;
- patterns of work in the industry; and
- the nature of the employee's role and level of responsibility.

Employees can refuse to work the additional hours if they are not reasonable.

Overtime

Overtime payments involve an additional percentage of the ordinary rate of pay to compensate the employee for working more than the ordinary hours as defined in the award. In the industry specific information below, you will find specific information regarding how each award provides for overtime hours.

NOTE

Most farms have a seasonal variation in workload. It can be difficult to provide consistent hours of work for employees every week of the year. Accumulating hours of overtime as time off in lieu is permitted by the Pastoral Award 2010 and the Horticulture Award 2010. The Cotton Ginning Award 2010 provides a system of rostered days off. This can mean that employees can take extra time off at the quieter times of the year rather than receiving the extra pay when they work overtime.


Allowances

Allowances are usually paid to employees to compensate them for working under 'harder' than normal conditions or for work-related expenses, such as travel and accommodation. Other allowances are paid for particular skills or responsibilities (e.g. first-aid allowances). Awards set allowances and these are updated each year on 1 July.

Classifications

All award employees, should be given a classification which accurately reflects their skills, experience, and the work they are responsible for carrying out.

In the industry specific information at the bottom the page you will find a summary of information regarding the relevant award for your sector. This will include links to classification summary sheets to help you determine the classification that best fits your employee. If you are not sure check with an industry advisor or your legal support.



An employee's classification and pay rate should be set out in their [Letter of Offer](#) and [Contract](#). This should be signed by the employee and their classification should be discussed and agreed upon at the interview. You should also let the employee know when their classification will be reviewed and document all performance appraisals and discussions around changing classifications.

RESOURCES AND REFERENCES

[Federal employment contract](#)

[P.A.C.T Pay and Conditions Tool](#)

[Fair Work Ombudsman](#)

[WA Specific information](#) - PDF

[National Training Wages](#)

[Supported wage system](#)

[Australian Apprenticeships](#)

Award free employees

Awards apply to particular industries and cover employees who perform similar tasks which are described in the award as classifications. Managers are usually not covered by awards if their duties and responsibilities are of a higher level than laid down in the award classifications.

Varying Award terms

- [An Employment Contract](#) can be verbal or written but it is preferable that it be written so that each party is clear about the terms and conditions which apply. Employment contracts can provide terms which are more beneficial than the award or the National Employment Standards but they should not contain terms which are less favourable. For example, if a contract has a base rate of pay that is lower than the minimum pay rate for that classification in the award, then the award terms will apply regardless of what the contract says. See the section ["How do I Employ Someone?"](#) -Contracts for contract templates and more information.
- [An Enterprise Agreement](#) is a formal document which is between you and your employees or a group of employees. The content of the enterprise agreement must be discussed with employees and you are required to give consideration to their views. Enterprise agreements must be assessed and approved by the [Fair Work Commission](#). Employees must be [Better Off Overall](#) under an agreement than they would be under the relevant award and agreements cannot exclude the 10 minimum conditions in the [NES](#). Enterprise agreements must have an expiry date of no more than four years from the date of approval of the agreement by the Fair Work Commission. If you are thinking of introducing an enterprise agreement into your workplace, see the [FWC's step by step guide to making a single enterprise agreement](#). You can also access, or apply to vary, existing agreements.

REMEMBER

National system employers can enter into enterprise agreements under the federal industrial laws.

Non-national system employers in WA can use the state industrial relations system to enter into a workplace agreement with their employees.

- [Individual Flexibility Agreements](#): All modern awards and enterprise agreements contain a 'flexibility term' that lets you adjust the award or agreement to best meet the needs of an individual employer and employee. [Individual flexibility arrangements \(IFA's\)](#) can only vary arrangements when work is performed, overtime rates, penalty rates, allowances, and leave loading. The Individual Flexibility Agreement must pass the BOOT test and be agreed to by the individual employee. You cannot require an employee to enter into an IFA and it cannot be made a condition of employment. The offer to enter into an IFA must be in writing. You can send an employee a [letter of offer for an IFA](#) using the template provided.

RESOURCES AND REFERENCES

[The Fair Work Ombudsman and Employment Contracts](#)

[The Fair Work Ombudsman and Enterprise Agreements](#)

[A step by step guide to making an enterprise agreement](#)

[The Fair Work Ombudsman and Individual Flexibility Arrangements](#)

[Use of Individual Flexibility Arrangements Fact Sheet](#)

[Federal Enterprise Agreement Template](#) - Word Doc

[Checklist for approval and lodgement of enterprise agreement](#) – Word Doc