



**OFFICE OF THE HON JULIA GILLARD MP
DEPUTY PRIME MINISTER**

Parliament House
Canberra ACT 2600

Mr Oliver Moon
Chief Executive Officer
Combined Small Business Alliance of Western Australia Inc
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20 OCT 2009

Dear Mr Moon

Thank you for your letter of 8 September 2009 to the Hon Julia Gillard MP, Minister for Employment and Workplace Relations, concerning the effect of award modernisation on small business. The Minister has asked me to reply on her behalf. I apologise for the delay in responding.

The object of the *Fair Work Act 2009* is to provide the framework for a productive and cooperative workplace relations system. The new system provides workplace relations laws that are fair and flexible and creates a guaranteed safety net of enforceable minimum terms and conditions. Together with the National Employment Standards, modern awards will be a key element of the safety net.

The Minister's award modernisation request to the Australian Industrial Relations Commission (the Commission) states that the creation of modern awards is not intended to disadvantage employees or increase costs for employers. Modern awards must be simple to understand and easy to apply, must take into account the likely impacts on employment costs for businesses and must be in a form that promotes flexible work practices.

Modern awards are also required to contain a flexibility clause that enables employers and employees to negotiate arrangements to meet their individual needs. Accordingly, the Commission has created a flexibility clause that allows parties to agree to altered arrangements relating to a number of award provisions including penalty rates, overtime rates and arrangements for when work is performed. The availability of individual flexibility agreements will give employers and employees the option of agreeing to modify award conditions in a manner appropriate to the business.

It is important to note that while modern awards will commence on 1 January 2010, significant changes will be gradually implemented by transitional provisions that will phase in or phase out changes in entitlements over a five-year period. These transitional provisions will ensure that the changes resulting from award modernisation are implemented consistently with Government policy and allow business, particularly small business, to manage the transition to the new system.

The Minister is conscious of the potential impact of award modernisation on small business and the vital role such businesses play in the economy and communities. The task the Commission is undertaking is an important national reform that will deliver benefits for employers of all sizes and employees in the shape of simple, modern awards.

Thank you for bringing your concerns to the Minister's attention. I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Lampe', written in a cursive style.

Amanda Lampe
Chief of Staff