

## THE IMPACTS OF THE RECENT FEDERAL COURT DECISION

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### The Decision:

A recent Federal Court decision has now significantly changed how employers must calculate pay and maintain records. Employers can also no longer rely on annualised or averaged salaries to meet Award obligations. Employees must now be “better off overall” in each pay period. This means that further ‘top up’ payments may now be required in some circumstances.

### What This Means for Employers:

- **Pay must comply per pay period.** Each pay run must meet all Award entitlements, including overtime, penalties, allowances, and loadings.
- **Flat or annualised rates are no longer sufficient.** Where a flat rate falls short in any given pay cycle, a ‘top-up’ payment must be made as wages, not a bonus.
- **Record keeping must be detailed and accurate.** Rosters or clocking in/out data alone are not enough. Records must show all hours worked, overtime, allowances, penalties, breaks, and loadings.
- **IFAs (Individual Flexibility Agreements).** Will be phased out.
- **Updated employment contract templates.** Must include appropriate set-off clauses aligned with the new rules.
- **TOIL (Time Off in Lieu).** Arrangements must be in writing and genuinely agreed. Verbal or informal agreements are non-compliant.
- **Leave and overtime triggers.** Leave hours count toward overtime calculations - employees can’t be asked to “make up” missed hours later.

### Recommended Next Steps:

- Review employment contracts – ensure Award coverage and entitlements are correctly included.
- Audit payroll systems – verify that pay-per-period compliance can be tracked and top-ups processed correctly.
- Upgrade record keeping – itemise all components of pay and ensure data is accessible to employees.
- Consult with employees – secure updated, signed agreements where required.
- Seek financial advice – particularly on how to process top-up payments.

### What ProcessWorx is doing:

We will be updating all contract templates, BOOT calculators, and compliance tools on the ProcessWorx Shield and all IFA templates will be removed from Shield once new contracts are released.

Have any questions on how to navigate the Federal Court Decision? Please contact ProcessWorx on (08) 9316 9896 or email [enquiries@processworx.com.au](mailto:enquiries@processworx.com.au) or visit [processworx.com.au](http://processworx.com.au) and [processworxag.com.au](http://processworxag.com.au).



### How ProcessWorx & ProcessWorxAg can help your business or farm:

With over 10 years of experience working with small businesses, ProcessWorx knows the importance of understanding and protecting your business from ongoing changes to the Industrial Relations landscape, while ensuring you remain compliant.

If you need assistance implementing any changes in your business or would like a review of your current workforce planning and contracts, please contact ProcessWorx and they can assist you with your IR compliance.

If you would like more information about Industrial Relations for your business, please contact ProcessWorx on (08) 9316 9896 or email [enquiries@processworx.com.au](mailto:enquiries@processworx.com.au) or visit [processworx.com.au](http://processworx.com.au) and [processworxag.com.au](http://processworxag.com.au).