

MEDIA RELEASE



ANNUAL LEAVE TO BECOME MORE FLEXIBLE

The Australian Chamber of Commerce and Industry has been lobbying hard for annual leave to become more flexible, and recently the Fair Work Commission announced that it will increase the flexibility of annual leave provision in modern awards.

This focuses on four key new changes:

1. **Cashing Out of Annual Leave.** This proposed change will allow employees to cash out up to two weeks annual leave each year, provided they maintain a minimum of four weeks leave. Many employers have wanted to allow employee requests to cash out annual leave, however they have been unable to do so under the current awards system.
2. **No Up-Front Payment of Annual Leave.** Before electronic funds transfer employees were often paid their annual leave at the commencement of the leave, to ensure they still received their pay while not at work. Until now, this requirement still existed in a number of modern awards. The FWC has recognised that this is no longer appropriate, and therefore annual leave should be paid in line with normal pay cycles. This will make it easier for employers to manage their payroll.
3. **Excessive Annual Leave.** Excessive annual leave is a major issue for many employers, being a liability should the employee leave and require a major annual leave payout. The FWC will include a standard clause into all modern awards allowing employers to direct employees with more than eight weeks leave to take some of their entitlement, provided they maintain a minimum of six weeks. This clause will benefit the majority of award reliant employers.
4. **Pre-Purchased Leave.** The FWC are currently considering a clause that will allow employees to reduce their ordinary wages in order to receive a correspondingly higher entitlement to annual leave. This clause will provide greater flexibility, allowing employees to accommodate family or sporting commitments.

The FWC is currently seeking feedback regarding these changes, and the full review can be viewed through the 'Four Yearly Review' page at www.fwc.gov.au/awards-and-agreements/modern-award-reviews