

### Reminder - Limitations on Fixed Term Contracts commence on 6 December 2023

Members are reminded that under changes to the Fair Work Act 2009 (FW Act) introduced by the Albanese Government's 'Secure Jobs, Better Pay' amendments passed last year, restrictions on the use fixed term contracts apply **from 6 December 2023**.

#### Fixed Term Contracts

A fixed term contract of employment is one that terminates at the end of an identifiable period. For example, the contract ends after a set date or period of time.

#### New limitations

Under the changes, unless an exception applies, new fixed term contracts of employment (or variations) are **prohibited** from including a term that provides the contract will terminate at the end of the fixed term if:

- the period is **greater than two years**; or
- the contract can be **renewed** so that the employee is employed for **more than 2 years**; or
- the contract provides for an option or right to **extend or renew the contract more than once** (i.e. 2 or more times); or
- the employee is employed under **consecutive contracts** that result in any of the circumstances outlined above.

Exceptions (relevant to automotive) include:

- to perform **only a distinct and identifiable** task involving **specialised skills**; or
- engaged in relation to a **training arrangement** (e.g. apprenticeship); or
- engaged to undertake **essential work** during a **peak demand** period; or
- engaged to undertake work during **emergency circumstances** or during a **temporary absence** of another employee (e.g. extended parental leave); or
- in the year the contract is entered into, the amount of the employee's earnings under the contract is **above the high-income threshold** for that year (currently \$167,500 for full time employees, pro-rata for part-time employees in accordance with amended *Fair Work Regulations 2009*).

VACC also reminds members that if a fixed term contract entered into from 6 December 2023 is found to be unlawful, only the term that specifies that the contract terminates at the end of a specified period will be rendered void – meaning that the remainder of the contract will continue to have effect.

Employers must also provide all new fixed term contract employees with a copy of the new **Fixed Term Contract Information Statement (FTCIS)** published by the Fair Work Ombudsman on commencement of their employment, even if they are covered by one of the exceptions. A copy of the FTCIS can be found [here](#).

Members are reminded that VACC provides an employment contract drafting service, including fixed term contracts. Interested members can access an order form [here](#) and/or can contact the Workplace Relations team at [ir@vacc.com.au](mailto:ir@vacc.com.au) or 03 9829 1123 for further information.

## **New Employee Authorised Deduction Regulations take effect on 30 December 2023**

On 29 November 2023, the Minister for Employment and Workplace Relations made the *Fair Work Amendment (Employee Authorised Deductions) Regulations 2023* (the Instrument) in accordance with the *Fair Work Legislation Amendment (Protecting Worker Entitlements) Act 2023* (PWE Act).

The PWE Act expanded the circumstances in which employees can authorise employers to make valid deductions from payments due to employees, where the deductions are principally for the employee's benefit. These amendments commence on 30 December 2023.

The Instrument amends the Fair Work Regulations to:

- provide for the information which must be included in a written authorisation for a deduction for a specified amount, and multiple or ongoing deductions – i.e.,:
  - a. the purpose of the deduction(s);
  - b. if the deduction(s) are for a specified amount or amounts – those amounts;
  - c. either:
    - i. the date(s) on which the deduction(s) are to be made; or
    - ii. the date after which, and the frequency with which, the deduction(s) are to be made;
  - d. the name of the person to whom the amounts of the deduction(s) are to be given.
- provide that deductions that vary from time to time will not be permitted if they directly or indirectly benefit the employer or a party related to the employer; and
- provide that an employee's pay slip must include the amount of the deduction and name, or name and number, of the fund or account into which the deduction was paid.

Members seeking further information are encouraged to contact the Workplace Relations team at [ir@vacc.com.au](mailto:ir@vacc.com.au) or 03 9829 1123.

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