



# The New Victorian Workers' Wages Protection Act 2007

## IMPORTANT INFORMATION

The Victorian Parliament has passed the *Victorian Workers' Wages Protection Act 2007* (the Act) which came into operation on 1 December 2008.

### WHY HAS THIS LEGISLATION BEEN MADE?

Unlike other states, a worker in Victoria has until now been at risk from their employer unfairly making deductions from their pay. In 2008 alone the Victorian Government received over 50 inquiries in relation to unlawful deductions from wages.

Workers are now protected from those unscrupulous employers. Apart from ensuring that employees are paid in money, the Act protects vulnerable workers from unreasonable deductions being made. For example the Act outlaws employers deducting excessive amounts for board and lodging.

### WHAT DOES THE ACT DO?

The Act:

- requires that employers pay wages in money and sets out the payment methods;
- sets out situations where an employer can make pay deductions; and
- allows an employee who believes that their employer has broken the law to go to court to get their money back.

### WILL THIS CHANGE THE WAY I AM PAID?

The law now requires employers to pay their workers in money. This includes cash, cheques, postal orders or direct deposit. If for example you are paid by cheque, the Act will not change this. What the Act outlaws for example is a retail employer giving an employee discounted clothing instead of paying the employee their proper wages.



## WHO DOES THIS ACT APPLY TO?

The Act applies to all Victorian employers and employees, whether they are employed full-time, part-time or as a casual. *Please note: certain exemptions relating to deductions made under the Financial Management Act 1994 and the Parliamentary Administration Act 2005 apply.*

## WHAT IF I ALREADY HAVE A WAGES DEDUCTION ARRANGEMENT IN PLACE?

The Act recognises that some employers and employees may already have arrangements that allow the employer to make deductions from the employee's wages. Any agreement about deductions that has been entered into before 1 December 2008 can continue to operate for six months (that is, until 1 June 2009). If the agreement does not comply with the Act, then it will cease to operate after that date. If the agreement does comply with the Act it can continue. This phasing-in only applies to agreements about deductions. It does not apply where an employer tries to pay an employee in goods instead of money.

### *Example-Case 1*

*A complaint was made to the Victorian Government about a food outlet in Melbourne, where an employee who had been sponsored under the s457 visa scheme suffered alleged exploitation.*

*The allegations included underpayment or non payment of wages and other entitlements, being told that he must pay for his visa application, complaints of duress, coercion, occupational violence and threats of deportation.*

*In this case the Act protects the employee by providing that:*

- any deduction from his pay that is not freely given will breach the Act; and*
- even if the employee has agreed to a deduction, the agreement has no effect if the deduction financially benefits the employer and is unreasonable in the circumstances*

### *Example-Case 2*

*Some service station operators have been deducting amounts of money from employees' wages when drivers fill their cars with petrol and "drive off" without paying.*

*The Act will stop the employer making these deductions. This will apply even in circumstances where the employee has supposedly agreed to the deduction being made by the employer. The Act states the authorisation is of no effect as in these circumstances it would be unreasonable.*

### *Example-Case 3*

*A young woman working in a retail outlet in a Melbourne suburb made an error which cost the company \$500. The company deducted the money from the employee's wages without her authority and under threat of dismissal.*

*The Act will protect this employee because it prohibits her employer from deducting money from wages without the employee's written agreement.*

For more information, call the Victorian Business Line 13 22 15.

## Workforce Victoria

Department of Innovation, Industry and Regional Development

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