

Approximately 2.6 million employees across Australia are set to see a pay rise following the release of the Fair Work Commission’s (FWC) Annual Wage Review.

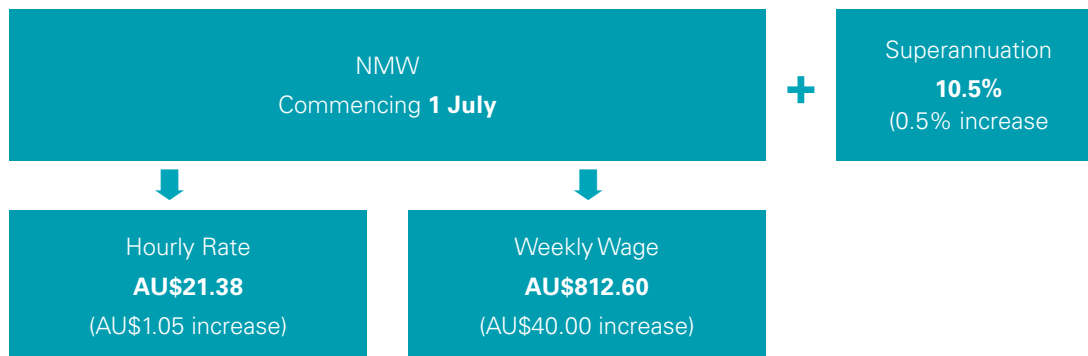
Last year, the FWC announced an increase of 2.5%, with this increase implemented across modern awards in three tranches. This approach took account of industries hit by the COVID-19 pandemic, delaying the rise to 1 November 2021 for those industries hardest hit by the pandemic, including the aviation, retail and tourism industries.

This year, the FWC received submissions from an array of industry groups, unions and industrial bodies, including a submission from the federal government following Labor’s election. In its submission, the federal government recommended that the FWC ensure that the real wages of Australia’s low-paid workers did not go backwards. The federal government noted that rising inflation and weak wages growth have resulted in a reduction of real wages, which, as a result, is creating cost-of-living pressures for Australia’s lowest paid workers.

National Minimum Wage

Acknowledging the sharp rise in the cost of living since last year’s Annual Wage Review, the FWC has announced a 5.2% raise to the National Minimum Wage (NMW). Employees who are paid the NMW will see an increase of AU\$1.05 per hour, to AU\$21.38 per hour. This represents an AU\$40 per week increase, to a total weekly wage of AU\$812.60 per week. This is, of course, in addition and separate to the superannuation rate increasing from 10% to 10.5% from 1 July 2022 for all employees.

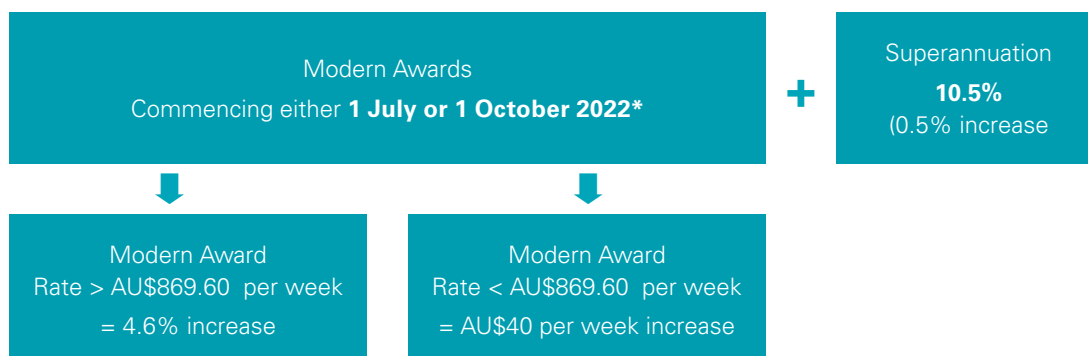
In summary:



Modern Awards

The FWC has also announced an increase to modern award minimum wages. It has decided to implement a proportionately higher increase for low-paid employees in order to provide a greater level of support. Modern award minimum wages will be increased by at least 4.6%, subject to a minimum increase for adult award classifications of AU\$40 per week. This means that modern award rates above AU\$869.60 per week will receive a 4.6% increase, while wage rates currently below AU\$869.60 per week will receive an AU\$40 per week increase.

In summary:



When Will the Increases Be Effective?

National Minimum Wage: The increase in the NMW will be effective from 1 July 2022.

*Modern Awards: In acknowledgement that the pandemic continues to impact some industry sectors more adversely than others, along with the ongoing economic risks linked to the pandemic, the FWC opted to again stagger the increase. The raise will be implemented across all modern awards in the following groups:

Group	Award	Date
Group 1	<ul style="list-style-type: none">• All awards, other than those specified in Group 2 below.	1 July 2022
Group 2	<ul style="list-style-type: none">• Aircraft Cabin Crew Award 2020• Airline Operations – Ground Staff Award 2020• Air Pilots Award 2020• Airport Employees Award 2020• Alpine Resorts Award 2020• Hospitality Industry (General) Award 2020• Marine Tourism and Charter Vessels Award 2020• Registered and Licensed Clubs Award 2020• Restaurant Industry Award 2020	1 October 2022

What Is the Impact for Employers?

Before 1 July 2022, relevant employers will need to take the following steps:

- Employers paying the NMW (or covered by an enterprise agreement that refers to the NMW) will need to implement the 5.2% increase from 1 July 2022
- Employers paying in accordance with a modern award will need to determine which group they fall into, and implement the increase on the date relevant to their group
- Employers with employees covered by an enterprise agreement will need to ensure that the pay rates in the enterprise agreement are at least as high as they would be under the underlying modern award
- Employers who pay annualised salaries that are intended to subsume all modern award entitlements should be undertaking assessments to ensure that those annualised salaries are still sufficient to absorb all modern award entitlements

It is recommended all employers take note of the increases and ensure that each employee is being paid at or above the new minimum rates.

If you would like further information about this increase, or assistance in determining which modern award applies to your employees, please get in touch.

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