

Minimum Wage Panel Decision means Increasing Wages from 1 July 2010

Fair Work Australia's Minimum Wage Panel has yesterday, made its first minimum wage decision. This decision affects the national minimum wage, modern award rates of pay and rates of pay in certain transitional instruments.

The decision of the Minimum Wage Panel means that the national minimum wage will increase by \$26 from \$543.90 per week (or \$14.31 per hour) to \$569.90 per week (or \$15 per hour).

In effect, the decision increases modern award minimum wages by \$26 per week and will take effect from the first full pay period on or after 1 July 2010.

Employers will need to consider the relevant modern award to determine the minimum rate of pay which will be subject to any transitional provisions¹ if contained in the award.

By way of example, if the modern award currently makes provision for a minimum wage of \$580 per week the minimum wage will be increased to \$606 per week.

Scenario 1:

Employer A pays its employees in accordance with the minimum wage provisions under the modern award at the rate of \$580 per week.

The Minimum Wage Panel decision means that from the first full pay period from 1 July 2010, Employer A will pay its employees \$606 per week.

Scenario 2:

Employer B pays its employees above the minimum wage provisions under the modern award at the rate of \$590 per week.

The Minimum Wage Panel decision means that from the first full pay period from 1 July 2010, Employer B may:

- (i) absorb the wage increase into its above award rate and pay employees at the rate of \$606 per week (being an increase of \$16 per week and subject to any agreement to the contrary);*
- (ii) continue to pay above award wages by the same increase at the rate of \$616 per week (being an increase of \$26 per week); or*
- (iii) continue to pay above award wages being an amount not less than \$606 per week.*

¹ This article does not address the impact or operation of any transitional provisions which will need to be considered if contained in the applicable modern award.

The determinations necessary to give effect to the increase in modern award rates are to be made available shortly with the new rates of pay in the modern awards to be published thereafter.

For further information about how the minimum wage may affect your employer obligations please contact [Andrew Bland at abland@blandslaw.com.au](mailto:abland@blandslaw.com.au)