

# Alert

EMPLOYMENT LAW

## National Minimum Wage Increase of 3.3%

### UK Research Supports Higher Than Expected Increase

By Ben Duggan

The Fair Work Commission (FWC) handed down its minimum wage review decision yesterday.

A decision was made by the FWC that the national minimum wage rate should increase by \$22.20 per week to \$694.40 or \$18.29 per hour.

The size of the increase is in contrast to the last two years that have seen similar smaller increases of 2.4% in 2016 and 2.5% in 2015.

In making its decision the FWC identified a positive economic environment that 'provide an opportunity to improve the relative living standards of the low paid and to enable them to better meet their needs.'

The FWC also relied upon research, particularly from the

United Kingdom, which 'fortified' its view that 'modest' and 'regular' increases do not result in 'disemployment effects'.

A shift in approach by the FWC towards more generous annual increases seems likely from its analysis of the research which it indicated suggested that:

*'...the (FWCs) past assessment of what constitutes a 'modest' increase may have been overly cautious, in terms of its assessed disemployment effects.'*

No doubt the ACTU who had earlier sought a lofty increase during the minimum wage review will welcome this apparent change in approach by the FWC.

Business groups already reeling from the decision to phase in the changes to penalty rates over an extended period are likely to be alarmed by this development.

The increase to the national minimum wage of 3.3% which will again flow to the modern award minimum rate shall apply from 1 July this year.



MORE INFO

**Ben Duggan** Director  
p: +61 8 8124 1881

[ben.duggan@dwfoxtucker.com.au](mailto:ben.duggan@dwfoxtucker.com.au)

**DW Fox Tucker Lawyers**

L14, 100 King William Street, Adelaide, SA 5000

p: +61 8 8124 1811 e: [info@dwfoxtucker.com.au](mailto:info@dwfoxtucker.com.au) [dwfoxtucker.com.au](http://dwfoxtucker.com.au)

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