

Alert

EMPLOYMENT LAW

COVID-19: Fair Work Commission Delays Minimum Wage Increase

By Ben Duggan

The Fair Work Commission (FWC) in handing down its minimum wage review decision has rejected a push from the Australian Chamber of Commerce and Industry (ACCI) and employer groups to deliver a pay freeze consistent with the approach taken during Australia's last severe economic downturn in 2009.

A decision to grant no increase was rejected primarily because it would mean that the living standards of low-paid award reliant employees would fall.

The FWC also noted that gender pay inequity would be continued by a no increase decision as women are more likely to be low-paid award reliant employees.

In recognition of the challenging economic environment, in particular the impact of COVID-19, the FWC determined to introduce an

adjustment which involved a more moderate increase than last year.

The adjustment to the national minimum wage and modern award wages was an increase of 1.75%.

A summary of the key increases to the national minimum wage is as follows:

- The national minimum wage rate and modern award minimum wage will increase by 1.75%.
- The national minimum weekly wage will be \$753.80, an increase of \$13 per week.
- The national minimum hourly rate will be \$19.84, an increase of 35 cents per hour.

Employer groups, led by the ACCI, also pushed for a general deferral of any increase granted as an outcome of the minimum wage review.

The FWC was not satisfied that there were 'exceptional circumstances' as required by the statutory framework, to justify the deferral of the adjustment to the national minimum wage.

The adjustment to the national minimum wage, which involves an increase of 1.75%, will take effect from 1 July 2020.

An alternative approach was taken to the adjustment to minimum modern award wages where there were 'exceptional circumstances' that justified different operative dates for different groups because of the differential impact of COVID-19 on particular industry sectors as follows:

- Group 1 Awards (such as healthcare workers, teachers and childcare workers)

Operative date: 1 July 2020.

continued overleaf...

- Group 2 Awards (such as construction workers and manufacturing workers)
Operative date: 1 November 2020.
- Group 3 Awards (such as accommodation and food services)
Operative date: 1 February 2021.

A dissenting decision was issued for the first time in 23 years by wage review panel member, Professor Wooden, who found in favour of the ACCI's position that "award minimum wage rates remain unchanged in 2020-21."

We have included a link to the list of [Group 1 Awards](#), [Group 2 Awards](#) and [Group 3 Awards](#)¹ to assist you in determining the start date for the wage increase for your award reliant workers.

Feel free to contact us if you have any questions about the minimum wage review decision which was handed down on Friday.

1. <https://www.fairwork.gov.au/about-us/news-and-media-releases/website-news/the-commission-has-announced-a-1-75-increase-to-minimum-wages#when-will-my-award-increase>



MORE INFO

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