

4 June 2018

NAT 012/18

Annual Wage Review 2017-18 Decision

SUMMARY

The Expert Panel of the Fair Work Commission has handed down its *Annual Wage Review 2017-18 Decision* which is operative from 1 July 2018. Key elements of the decision include:

- Award wage rates for full-time adult employees will be increased by 3.5 per cent;
- The National Minimum Wage will be increased to \$719.20 per week or \$18.93 per hour;
- Junior, apprentice and trainee wage rates will be adjusted proportionately; and
- Wage related allowances and expense related allowances will be increased in accordance with the usual formulas.

Over the next few weeks Ai Group will distribute a member advice on individual modern awards setting out the new wage rates and allowances once these are determined by the Fair Work Commission.

The Superannuation Guarantee legislation provides for the existing 9.5 per cent superannuation contribution rate to remain until 30 June 2021, and then to increase by 0.5 per cent from 1 July 2021.

Annual Wage Review Decision

Ai Group played a major role in the Fair Work Commission's *Annual Wage Review 2017-18*, including strongly opposing the ACTU's proposed \$50 per week or 7.2 per cent wage increase. Ai Group proposed a modest 1.8 per cent wage increase given the tough operating environment which many businesses are experiencing.

During the course of the Annual Wage Review, Ai Group filed a number of detailed submissions and appeared before the Expert Panel of the Fair Work Commission.

What is the operative date for the minimum wage increase?

The wage increase is operative from the first full pay period that starts on or after **1 July 2018**.

Can the wage increase be absorbed into over-award payments?

Yes. The wage increase is fully absorbable into over-award payments, unless the employer agrees otherwise.

Does the wage increase apply to employees covered by an enterprise agreement?

For most employees, the answer to this question is No. However, all employees covered by an enterprise agreement must be paid a base rate of pay no less than the base rate of pay under the relevant modern award, or the National Minimum Wage if they are an award-free employee.

Does the wage increase apply to award / agreement free adult employees?

A National Minimum Wage Order applies to adult employees who are not covered by an award or enterprise agreement. The National Minimum Wage Order includes:

- A National Minimum Wage of \$719.20 per week or \$18.93 per hour; and
- A casual loading of 25%.

Adult employees who are award / agreement free must not be paid less than the National Minimum Wage.

Does the wage increase apply to award / agreement free juniors, trainees and apprentices?

Most juniors, apprentices and trainees are covered under an award or enterprise agreement and therefore the rates of pay in the relevant award or agreement apply.

Special national minimum wages for any award / agreement free juniors, trainees and apprentices are included in the National Minimum Wage Order.

Does the decision impact upon minimum wages for employees with a disability?

Yes. The following minimum wage arrangements apply to employees with a disability:

1. Award-covered employees whose disability does not impact upon their productive capacity are entitled to the relevant modern award wage rate.
2. Award-covered employees who are unable due to their disability to earn the full modern award wage rate are covered by supported wage provisions in modern awards.
3. For award / agreement free employees with a disability, the National Minimum Wage Order contains two special national minimum wages for employees with a disability. The rate that applies depends upon whether the employee’s disability impairs their productive capacity.

Superannuation Guarantee

The Superannuation Guarantee legislation provides for the existing 9.5 per cent contribution rate to remain until 30 June 2021, and then to increase as follows:

Time period	Super Guarantee (%)
Up to 30 June 2021	9.5%
1 July 2021 to 30 June 2022	10%
1 July 2022 to 30 June 2023	10.5%
1 July 2023 to 30 June 2024	11%
1 July 2024 to 30 June 2025	11.5%
1 July 2025 onwards	12%

Do you require further advice?

Over the next few weeks Ai Group will distribute a member advice on individual modern awards setting out the new wage rates and allowances once these are determined by the Fair Work Commission.

In the meantime, for information or assistance, please contact the **Ai Group Workplace Advice Line** on 1300 55 66 77.



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