



ANNUAL WAGE REVIEW DECISION 2009-2010. HOW DOES IT AFFECT YOUR BUSINESS?

What is the annual wage review decision and what increase is applicable?

Each year (but for a freeze applied due to the global financial crisis) a minimum wage decision is made. This decision sets the minimum wage and also what increase to minimum award wages will be applied.

Under the Fair Work Act this review is conducted by a Minimum Wage Panel of Fair Work Australia. This panel handed down their first decision on Friday 4 June.

The panel decided to increase minimum award wages by \$26 per week; which equates to an increase of .69 cents per hour. This increase brings the minimum wage for an adult worker to \$569.90 per week or \$15.00 per hour.

When does it commence to apply and who is affected?

Firstly, it is important to remember this increase is applied to *minimum award wages*. If you are paying in excess of the minimum award wage the increase is absorbable.

The operative date of the minimum wage order is 1 July 2010 and takes effect from the first full pay period that starts on or after that date. The following industrial instrument/awards are affected as described below:

- (i) Modern Award minimum wage rates must be adjusted.
- (ii) Transitional instruments such as an Australian Pay and Classification Scale or a Notional Agreement Preserving State Award (NAPSA) minimum wage rates must be adjusted.
- (iii) Division 2B State Awards minimum wage rates **are not** required to be adjusted. Employers bound by Division 2B Awards are non-constitutional corporations (sole traders or partnerships) in any State other than Western Australia who were bound by State Awards until 31 December 2009 when each State Government referred their IR Powers to the Federal Government.

The casual loading for award/agreement free employees has been set at 21% and is expected to increase by 1% per annum until 2014 when it will be the same as the Modern Award rate of 25%.

Contact IR Assist should you require assistance in ensuring your business will comply with the new Award, classification structure and rates from 1 July 2010.