



FEDERAL MINIMUM WAGE DECISION – INCREASE OF 3.4% APPLICABLE FROM 1 JULY 2011.

The Decision

On Friday 3 June Fair Work Australia handed down its minimum wage decision setting minimum award and non- award wage; lifting minimum award rates by 3.4% (with weekly wages rounded to the nearest 10 cents). This is the first time in 20 years that a federal wage-fixing tribunal has awarded a percentage increase rather than a flat-dollar amount.

The Panel rejected employer arguments to delay the increase because of recent natural disasters, meaning the decision will apply from July 1 as had been previously expected.

The decision lifts the federal weekly minimum wage by \$19.40 to \$589.30 (\$15.51 an hour) - currently \$569.90 (\$15 an hour). Weekly rates are to be adjusted to the nearest 10 cents.

The ACTU had argued for a \$28-a-week pay rise for award-covered employees up to the C10 tradesperson's rate - and 4.2% above that while the Australian Industry Group had sought a flat \$14 a week increase across the board.

The 3.4% increase applies to minimum wages for junior employees, employees to whom training arrangements apply and employees with disability, and to piece rates through the operation of the methods applying to the calculation of those wages.

Award/Agreement free juniors and apprentices will be entitled to percentages based upon the Miscellaneous Award 2010 while award/agreement free casual employees will have their casual loading increased to 22%.

What does this mean for members?

1. In regard to employers in the **Boarding Industry in Victoria and NSW** in respect to employees in Victoria covered by the terms of the Veterinary Assistants and Animal Attendants (Vic) Award and employees in NSW covered by the terms of the Animal Welfare General (State) Award each classification's base ordinary hourly rate must be increased by 3.4% on and from 1 July 2011.

These Awards will apply to Animal Attendants and Groomers working in Boarding facilities in NSW or Victoria as applicable. For **dedicated clerical staff in Boarding facilities** the Clerks – Private Sector Award 2010 applies and should also be adjusted by 3.4%.

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2. In regard to employers in the **Boarding Industry in other States** – as previously notified - while the Ombudsman had previously indicated these States were Award free for Animal Attendants and Groomers in Boarding facilities; they have revised this position and have indicated they will apply the Miscellaneous Modern Award. We have sought a review of this decision before their implementation and await their final response.

Therefore at this stage rates should be increased in these States on the basis of the Award free position of the minimum hourly rate payable increasing to \$15.51 and for casual award free employees the loading increasing to 22%. As previously advised however this position may change and the Miscellaneous Modern Award applied at any time.

3. In regard to **Groomers working in a Retail Environment** (shop) the General Retail Award 2010 is applicable and the same 3.4% increase must be applied to each classification from 1 July 2011.

Absorption:

Where employers are already paying rates over and above the minimum Award hourly rate the 3.4% increase is absorbable into the above award rate paid. For example:

If the Award rate (prior to this increase) was \$608 per week (\$16.00 per hour)it would increase by 3.4% to \$628.70 (\$16.54 per hour).

If the employer was already paying the employee \$16.54 (or above) no increase would be applicable – the whole minimum wage increase would be ‘absorbed’ into the above-award rate already paid.

If however the employer had been paying (for example) \$16.24 per hour, the employer is not required to increase the rate to \$16.78 (the \$16.24 paid + the \$0.54 increase). Instead the employer would absorb the first \$0.24 of the \$0.54 increase (as it was already paying \$0.24 above the award rate) and only increase the rate by \$0.30 – so adjusting the rate to \$16.54.

4. **Where employers are covered by the terms of an Enterprise Agreement**, the Enterprise Agreement rates will continue to apply subject to:
 - (i) The Enterprise Agreement base hourly rates not being less than the adjusted Award base hourly rates – if they are the base Agreement ordinary hourly rate must be increased to the base Award ordinary hourly rate;
 - (ii) Where the Enterprise Agreement contains a clause providing for an Agreement wage increase in line with the FWA minimum wage increase – then the Agreement base rates should be adjusted by 3.4%.

Remember; the Ombudsman is conducting random audits so ensure your compliance.

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