

# ALERT

4 JUNE 2014

## Annual Wage Review – 3% increase to the national minimum wage

The Fair Work Commission (**Commission**) has today handed down its Annual Wage Review decision and proposals for the national minimum wage order.

The Commission determined that the national minimum wage and minimum wages in modern award wages should adopt a **3 per cent** increase (which is a higher percentage increase than the 2.6 per cent increase ordered last year).

The national minimum wage is set to increase from \$622.20 to \$640.90 per week (or \$16.37 to \$16.87 per hour).

The increase will come into operation on **1 July 2014**.

The Commission noted that while 'real earnings' have typically increased in the past decade, inequality in earnings was also increasing and a number of factors had culminated in there being a reduction in the relative living standards of award-reliant workers.

In making its decision, the Commission has again said that the

introduction of an increased superannuation guarantee rate was a moderating factor in considering the adjustment that should be made to minimum wages. However, it refused to take into account any improvements in living standards that could arise as a result of the government's proposed abolition of the carbon price, saying this approach invited it to 'speculate on the outcome of an uncertain political process'. For the same reason, it did not take into account proposed changes to the tax-transfer system announced in the latest federal budget.

The decision also confirmed an increase in the casual loading for award/agreement free employees to 25 per cent (which aligns with the casual loadings applicable in most modern awards).



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