

TRMC MEMBER BRIEFING - 2021 NATIONAL MINIMUM WAGE DECISION

THE DECISION

- > The Fair Work Commission decision, handed down on Wednesday 16 June 2021, will increase the national minimum adult wage by 2.5%.
- > The new adult National Minimum Wage for full-time employees will be \$772.60 per week (38 hour working week) or \$20.33 per hour.
- > This constitutes an increase of \$18.80 per week to the weekly rate, or .49 cents per hour to the hourly rate.
- > The 2.5% increase will flow in to modern Award minimum rates of pay.

APPLICABLE DATE OF INCREASE

The National Minimum Wage increase, and the flow on increases to the relevant Awards that apply to our industry, will come into effect from the first full pay period that starts on or after 1 July 2021.

Unlike last year's decision, the Commission determined that only very few industry subsectors and their related Awards should have a delayed increase beyond 1 July 2021 – Aviation, Fitness, Hospitality, Live Performance, Wine and some retail industry employees will come into operation from 1 November 2021. The increase in the General Retail Award will come into effect from 1 September 2021.

BACKGROUND

Coming into this year's decision, the ACTU sought a 3.5% increase, while employers called for general restraint due to the effects of COVID-19, particularly on certain parts of the economy. However, and as usual, some employer groups called for no increase.

Compared to the cautious approach of a 1.75% increase last year, the Fair Work Commission concluded that there was broad consensus that the current performance of the economy had exceeded expectations and that economic recovery was well underway. The improved recovery was fuelled in large part by strong household spending and public demand, as well as better health outcomes and continued expansion of monetary and fiscal policy. Referring to Treasurer Frydenberg's 2021 Budget speech "Australia's economic engine is roaring back to life".

Nonetheless, in not including any 'catch-up' component for the minimised 1.75% increase of last year the Commission acknowledged that the risk of domestic outbreaks and ongoing disruptions to other major economies continues. The Commission held the view that COVID-19 outbreaks necessitating further containment measures remain a significant risk and, as the Government submitted 'even localised outbreaks could have an impact on consumer and business confidence weighing on consumption and investment'.

NEXT STEPS

The Commission will now finalise determinations for Awards over the next weeks. TRMC will distribute updates to members when finalised and keep them updated on these issues, but recommend members consider the following 'Checklist'.

If you have any questions or concerns, please contact our GM – IR, Policy and Governance, Charles Watson, at charles@thermc.com.au or phone him on 0428 568 032.

TRMC MEMBER CHECKLIST - 2021 NATIONAL MINIMUM WAGE DECISION

Members should consider the following issues as they relate to their employees and take any appropriate action.

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OPERATIVE DATES

Confirm and diarise relevant operative dates (discussed in the Briefing document above) if any increase to wages and or allowances are required as a result of the decision.

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AWARD COVERED EMPLOYEES

The NMW increase will flow into all Award rates of pay from the specified operative dates. Members who pay employees at the minimum Award rate of pay will be required to increase pay from the appropriate date.

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ABOVE-AWARD PAID EMPLOYEES

The incoming increases to the Award rates of pay can be absorbed into an employee's current rates of pay as long as the result leaves their rate of pay at least equal to the increased Award minimum rates.

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SALARIED AWARD COVERED EMPLOYEES

Members who employ Award covered employees who are paid an annualised salary must ensure the employee's annualised salary remains sufficient to absorb the increased Award-based monetary entitlements, and adjust upward if necessary.

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AWARD-FREE EMPLOYEES

Members who employ Award free adult employees must pay them at least the new National Minimum Wage rate from the first full pay period on or after 1 July 2021.

A member with Award free junior employees must pay those employees at the appropriate percentage of the National Minimum Wage rate from the first full pay period on or after 1 July 2021.

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ENTERPRISE AGREEMENTS COVERED EMPLOYEES

Members with enterprise agreements will need to ensure the base rates of pay in the enterprise agreement is at least equal to the relevant rate in a respective Awards as increased by the decision.

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EMPLOYEES COVERED BY INDIVIDUAL FLEXIBILITY AGREEMENTS

Members with Individual Flexibility Agreements in the workplace need to ensure employees are and remain "better off overall" when compared to the applicable Award and any minimum rate and allowance increases.

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AWARD ALLOWANCES

Where applicable, members need to adjust any Award based allowances from the appropriate date.