



Australia's Fair Work system

4. Minimum wages

Guaranteed fair minimum wages are a key part of the Australian Government's commitment to establish a safety net for employees. The Government is also committed to providing complete and accessible information for both employers and employees about minimum wages.

Modern awards specify the minimum wages for all award covered employees.

Under the Fair Work system, minimum wages and casual loadings are set and adjusted by a specialist Minimum Wage Panel within Fair Work Australia. The Minimum Wage Panel comprises of seven Fair Work Australia Members, including the President and three Minimum Wage Panel Members. Members are appropriately qualified and have a mix of specialist and generalist expertise. Minimum Wage Panel Member appointments are part-time and appointees have expertise in one or more of the following fields:

- workplace relations;
- economics;
- social policy;
- business, industry or commerce.

This mix ensures that proper consideration is given to the wage-setting parameters, such as the macro-economic impact of the Panel's decisions.

Fair Work Australia may commission research and conduct inquiries into wage-related issues.

How often will minimum wages be revised?

Fair Work Australia will undertake annual reviews of minimum wages but may also vary award wages outside of these reviews, in limited circumstances. These include where Fair Work Australia is satisfied that:

- there are work value reasons that justify the variation where the variation is occurring as part of a four yearly review of modern awards, or
- if the variation is outside the four yearly review and annual wage review, that there are work value reasons that justify the variation **and** it is necessary in order to achieve the modern awards' objective of a fair and relevant safety net.

The Minimum Wage Panel will conduct its annual wage reviews through a non-adversarial process, and will do so openly and transparently. Individuals and organisations can make submissions.

Updated wage rates in modern awards take effect from 1 July each year and are enforceable by law. This timing will assist businesses by aligning any wage adjustments for employees with the financial year. Changes in modern award wage rates that are made in an annual review will only be able to be deferred in exceptional circumstances. Any deferral must be limited to the particular situation to which the exceptional circumstances relate. Modern awards will include a formula that will ensure that allowances of which FWA considers are of the kind that should be varied inline with wage rates, are automatically varied in accordance with the annual wage review decision.

What about people who are not covered by awards?

The Minimum Wage Panel will also make a national minimum wage order for employees who are not covered by a modern award. The order will include a national minimum wage and special national minimum wages for junior employees, employees to whom training arrangements apply and employees with a disability. It will also include safety net casual loading for casual employees who are not covered by either an award or an agreement.

How will minimum wages be determined?

When setting and adjusting minimum wages, the Minimum Wage Panel may take the following into account:

- the performance and competitiveness of the national economy, including productivity, business competitiveness and viability, inflation and employment growth
- promoting social inclusion through increased workforce participation
- relative living standards and the needs of the low-paid
- the principle of equal remuneration for work of equal or comparable value and
- providing a comprehensive range of fair minimum wages for junior employees, employees to whom training arrangements apply and employees with a disability.