



VECCI WORKPLACE RELATIONS SERVICES

JULY 2015 2.5% WAGE INCREASE

On 2 June 2015, the national workplace relations tribunal, the Fair Work Commission, announced a **2.5%** increase in the national minimum wage and the minimum wage for each classification of each modern award. The decision was made as part of the Commission's annual wage review.

The increase is effective from the first full pay period starting on or after **1 July 2015**.

Summary of Decision

- The Fair Work Commission's decision raises the national minimum wage from \$640.90 per week to **\$656.90**. This equates to an increase from \$16.87 to **\$17.29 per hour**.
- Most award-based allowances will also increase.
- Employees with a disability, junior employees, or employees completing an apprenticeship or traineeship, will also receive the 2.5% wage increase.

Reason for Decision

The Fair Work Commission's president, Justice Iain Ross, said that the wage increase was less than that awarded last year for a number of reasons:

"We have had particular regard to the lower growth in consumer prices and aggregate wages growth over the past year because they have a direct bearing on relative living standards and the needs of the low paid. The lower inflation and aggregate wages growth has favoured a more modest increase in minimum wages."

Last year, the Commission increased the national minimum wage by 3%.

Frequently Asked Questions

Does the wage decision affect wages under an enterprise agreement?

The national minimum wage increase will not ordinarily affect the wages of employees covered by an enterprise agreement (EA). However, employers need be aware that the wages under an EA cannot fall below those under the relevant modern award.

Does the wage decision affect award-free employees?

Yes, the national minimum wage will increase to **\$656.90 per week**. This equates to \$17.29 per hour. The casual loading remains unchanged at 25%.

What if we are paying above-award wages?

If you are paying your employees above the appropriate minimum wage under an award, you may not have to increase wages at all. This is because you **may** be paying enough above the award rate to 'absorb' the wage increase. However, VECCI advises that you check your current pay rates against the new modern award rates to avoid inadvertently underpaying your employees.

Contacting VECCI

VECCI's team of experienced workplace relations advisors can assist members with a range of employment, human resources and industrial relations issues.

Our experienced workplace relations consultants can also provide assistance to both members and non-members on a range of more complex matters for a fee-for-service. The consultants can, among other things, provide training to employees, conduct investigations and provide representation at proceedings at the Fair Work Commission.

For assistance or more information, please contact the Workplace Relations Helpline on **(03) 8662 5222**.

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