

Article Information

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The Fair Work Commission's Annual Wage Review 23-24

The Fair Work Commission issued its Annual Wage Review Decision 2023-24 on 3 June 2024, increasing both the National Minimum Wage and all Modern Award minimum wages by 3.75 per cent. This increase will be effective from 1 July 2024.

The Decision

From 1 July 2024, the National Minimum Wage and all Modern Award minimum wages will be increased by 3.75% as a result of the Fair Work Commission's Annual Wage Review Decision.

In their determination, the Fair Work Commission considered the expected growth of wages in 2024, as well as the cost-of-living pressures that employees are currently experiencing across Australia. The Commission also noted that it would not be appropriate to significantly increase Award wages above the current inflation rate, due to the fact that labour productivity growth has not escalated in the past four years.

In addition to the increase, the Commission has decided to create a program to examine and resolve current issues of gender-based undervaluation and unequal remuneration for work. The Commission will be initiating an investigation concerning the following Awards: *Children's Services Award 2010; Social, Community, Home Care and Disability Services Industry Award 2010; Health Professionals and Support Services Award 2020; Aboriginal and Torres Strait Islander Health Workers and Practitioners and Aboriginal Community Controlled Health Services Award 2020; and Pharmacy Industry Award 2020*. These proceedings are anticipated to be completed by the time of the next Annual Wage Review.

Modern Award Increase

In Australia, there are currently 121 Modern Awards that apply to national system employers and employees which sets minimum wage rates for employees covered by either an industry or occupational Award. Because approximately 20.7 per cent of working Australians are affected by minimum wage rates in Awards, the Fair Work Commission emphasised this area as the most important aspect of their review.

The Commission also stated that, as a result of their decision, there had been no real time reduction in wages for those employed under a Modern Award, on the basis that household disposable incomes will only increase over the next 12 months, due to forthcoming Stage 3 tax cuts and Commonwealth Government Budget cost-of-living measures.

National Minimum Wage Increase

The National Minimum Wage order *only* applies to Award and Enterprise Agreement-free national system employees.

From 1 July 2024, the National Minimum Wage will be increased to a minimum of \$24.10 per hour (or \$915.90 per week), with two special national minimum wages for award free employees with a disability and a casual loading of 25 per cent for award free employees. The Commission stated that the increase would ensure a safety net of fair minimum wages and reflects the current living standards and addresses the needs of those employees affected.

The order also sets the National Minimum Wage for those who are juniors, trainees or with a disability. The percentage scale in the *Miscellaneous Award 2020*, is applied to the National Minimum Wage. For example, the National Minimum Wage for an employee under 16 last year was \$8.55 per hour. This year it has increased to \$8.87 per hour.

Review Rates Prior to 1 July 2024

Employers must ensure that employees are receiving at least the minimum entitlements they are owed under their relevant industrial instrument.

For organisations with employees covered by a Modern Award, rates of pay (and other entitlements) must be at least the same as the new minimum rates under such Awards, following the increase.

For organisations with employees covered by and Enterprise Agreement, the increase will only apply if their Enterprise Agreement specifically refers to the Annual Wage Review, or if the base rates have fallen below the equivalent Modern Award rates as a result (in which case they must be brought up to at least the same as those rates, in accordance with section 206 of the *Fair Work Act 2009* (Cth)).

Key Takeaways

Because the Annual Wage Review increase will affect many employees in Australia, it is important to be informed of these changes.

Below is a summary of the Fair Work Commission's determination:

- A 3.75% annual wage increase to the National Minimum Wage and all Modern Award minimum wages
- From 1 July 2024, the minimum wage will be \$915.90 per week or \$24.10 per hour based on a 38 hour week
- The Fair Work Commission will commence an investigation into gender-based undervaluation and unequal remuneration for work