

# Workplace Relations Update

## Fair Work Australia Minimum Wage Case Decision

The Fair Work Australia Minimum Wage Panel has today handed down their decision increasing modern award rates by 3.4% and lifting the national minimum wage to \$589.30 per week.

The Minimum Wage Panel said in their Statement that:

*"Labour productivity is growing, the profit share remains at historically high levels and underlying inflation is well within the RBA's medium-term target band. Employment is growing, unemployment is reducing and labour force participation remains high. In the circumstances a significant increase is appropriate which will improve the real value of award wages and assist the living standards of the low paid."*

Restaurant & Catering in its written submissions to Fair Work Australia argued that sectors that are not experiencing financial growth such as retail and hospitality should be exempt from wage increases because the one size fits all approach to wages will cripple some small business operations. We also argued that penalty rates and high labour costs under the Gillard Government's Modern Award regime has resulted in many businesses no longer trading on public holidays and weekends. In this respect the Minimum Wage Panel found in their Decision:

*"The ACTU opposed these proposals, arguing that affording differential treatment to particular industries was inconsistent with the Panel's obligation to establish and maintain a fair and relevant minimum safety net, and would distort award relativities, and lead to disparate wage outcomes for award-dependent employees with similar or comparable levels of skill."*

*In its Annual Wage Review 2009-10 decision the Panel dealt with claims for special treatment based on the alleged costs of award modernisation. Nothing has been advanced this year which has caused us to review the conclusions reached then-either in relation to the costs of award modernisation or in relation to the desirability of giving special treatment to a particular industry, or part of an industry, because of award modernisation. To the extent that difficult trading conditions are relied on, it is relevant that aggregate hours worked in award-reliant industries have increased quite significantly in the last 12 months. While retail sales are flat, they are still growing. For these reasons we have decided not to adopt these proposals either."*

The Minimum Wage Panel also rejected Restaurant & Caterings call for a twelve month deferral of wage increases for businesses that have been impacted by the recent natural disasters. The Minimum Wage Panel determined:

*"We are conscious of the hardship which has been inflicted on many businesses, particularly small businesses, by recent natural disasters in many parts of Australia and in Queensland in particular. A deferral of the rise in minimum wages would make some contribution towards easing the burden on those businesses. There are, however, a number of matters which weigh against the proposals which have been advanced. Of these, by far the most significant is the lack of any obvious mechanism to properly identify the employers affected and to whom the deferral should apply. There is an unacceptable risk of significant unfairness to employers and employees if the deferral mechanism does not effectively target the group in need."*

*We are also conscious that a deferral of a wage increase would place some of the burden of adjustment on the lowest paid in the community, who might themselves be in a difficult financial position because of the effects of natural disasters on themselves and their families. It is also relevant that governments are already providing assistance through the various programs."*

*On balance we have decided not to make any provision for deferral of the increase for employers affected by natural disasters"*

The 3.4% wage increase will take effect from the first pay period on or after the 1 July 2011 and the THA will provide members with transitional wage tables incorporating this increase as soon as possible.