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Employment Law e-alert

Surprise annual minimum wage decision

The Australian Fair Pay Commission ("AFPC") handed down its fourth and final minimum wage determination at 1.30pm today, with good news for employers.

In today's determination, the AFPC decided not to award any increase in the Federal minimum weekly wage. This leaves the minimum wage unchanged at \$543.78 per week.

Adult rates of pay under the Australian Pay and Classification Scales will also remain the same. Any increases awarded were to be effective from 1 October 2008.

In making its decision, the AFPC is required to have regard to a variety of issues including employment levels and competitiveness around the country, in addition to the capacity of unemployed and low paid employees to obtain and remain in employment. This decision is intended to protect jobs and to support a stronger recovery in employment as the economy picks up.

The AFPC determination represents a surprise outcome. The ACTU was seeking a \$21 per week increase. By contrast, AIG submitted that any increase be limited to \$8 per week whilst ACCI requested a freeze on minimum wages.

The AFPC will cease to exist in the future. Instead, the system for minimum wage setting will return to something more akin to that which existed prior to Work Choices. Minimum wages will be determined through Fair Work Australia via a minimum wage panel, chaired by the President of FWA, Justice Geoffrey Giudice. Minimum wages will also return to awards, with the current Australian Pay and Classification Scales ceasing to exist.

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