



JUNIOR EMPLOYEES & EMPLOYEES TO WHOM TRAINING ARRANGEMENTS APPLY

The Commission's first wage-setting decision has **three** elements:

- an **increase** of \$0.72 to the standard Federal Minimum Wage (to \$13.47 an hour);
- an **increase** of \$0.72 to basic periodic rates of pay in all Australian Pay and Classification Scales (Pay Scales) up to \$18.42 per hour (i.e. up to around \$700 per week based on a standard 38 hour week¹); and
- an **increase** of \$0.58 to basic periodic rates of pay in all Pay Scales above \$18.42 per hour (i.e. above around \$700 per week based on a standard 38 hour week²).

The increases flow on to junior employees and employees to whom training arrangements apply. In general, the decision applies the increases to the minimum rates for these employees in accordance with the way they were increased by general wage increases in the past.

The decision takes effect from **1 December 2006** (commences midnight November 30).

Junior employees

The Commission will flow on the general decision in relation to Pay Scales to junior rates in preserved Pay Scales. The general pay increase will be applied to junior rates on the basis of formulas in the relevant pre-reform wage instruments. This will result in a proportionate increase for junior rates.

For example, prior to the introduction of Work Choices, a junior rate in an award may have been specified at 60 per cent of a specific rate in the award. The decision keeps this junior rate at 60 per cent of the new, higher, rate.

In circumstances where there was no formula in the pre-reform wage instrument, the general increase will be pro-rated so that the junior rate retains its relativity to the relevant adult rate in the preserved Pay Scale. If no relevant rate is identified, the junior rate will be adjusted to retain its relativity to the lowest adult³ rate in the Pay Scale.

¹ \$18.42 per hour x 38 hours equals \$699.96 per week. Therefore the hourly increase of \$0.72 was granted to Pay Scales providing rates of pay up to and including \$18.42 per hour).

² \$18.42 per hour x 38 hours equals \$699.96 per week. Therefore the hourly increase of \$0.58 is granted to Pay Scales providing weekly rates of pay above \$699.96 per week.

³ Where adult means a basic periodic rate of pay that does not explicitly apply to a class of employees with a disability or employees to whom a training arrangement applies or junior employees.

What does an increase in the minimum wage mean for junior workers?

Using the example of a 17 year old junior worker employed in the retail industry working 12 hours per week:

This worker currently earns \$9.80 an hour, which represents 70 per cent of the adult Pay Scale rate of \$14.00 per hour, and earns \$117.60 per week.

As result of the October decision, the adult Pay Scale rate increases to \$14.72 per hour. The junior employee's earnings will therefore increase to \$10.30 per hour or \$123.60 per week.

Employees to whom training arrangements apply

The Commission will flow on the general decision in relation to Pay Scales to employees to whom training arrangements apply (apprentices and trainees).

With regard to apprentices and some traineeships, the general pay increase will be applied to minimum wages on the basis of formulas contained in the relevant pre-reform wage instruments. This will generally pro rate the increase, maintaining the relativity of the basic periodic rates of pay for apprentices with those applying to the relevant tradesperson rates. Formulas, where available, will be used to adjust basic periodic rates of pay for full and part-time apprentices, and school-based apprentices.

In circumstances where there was no formula or method in the pre-reform wage instrument, the general increase will be pro rated so that the apprentice rate maintains its relativity to the base tradesperson's rate of pay in the Pay Scale for the trade to which the apprentice rate applies.

Basic periodic rates of pay for trainees contained in preserved Pay Scales will also be adjusted to flow on the general decision. The new rates applicable to National Training Wage Traineeships or related traineeships are contained in Schedule 1 to the Commission's decision. The rates have been adjusted using the same method by which they have been adjusted following Safety Net Review decisions of the Australian Industrial Relations Commission.⁴

What does an increase in the minimum wage mean for trainees covered by the National Training Wage and related traineeships?

A full time trainee school leaver with a year 10 level of education will have their weekly wage increased from \$5.82 per hour or \$221.16 per week to \$6.11 per hour or \$232.18 per week.

A full time trainee school leaver with a year 10 level of education and 5 or more years out of schooling, will have their weekly wage increased from \$11.92 an hour or \$452.96 to \$12.50 an hour or \$475.00 per week.

⁴ The method of adjustment is set out in the transcript of the application to vary the National training Wage Award 2000 for the 2003 Safety Net Review (C2003/2533, 2 July 2003).

Future Wage-Setting Reviews

A review of Pay Scales for junior employees and employees to whom training arrangements apply will be undertaken in 2007.

Need further information?

If you would like more information on wage rates, call the **WorkChoices Infoline** on **1300 363 264**

If you would like to view the Commission's decision in full or check other fact sheets in this series, you can visit the **AFPC web site** at www.fairpay.gov.au

