



## WHO WILL GET A WAGE INCREASE?

The Australian Fair Pay Commission has responsibility for setting and adjusting minimum wage rates within the federal jurisdiction and its first wage-setting decision applies only to employees and employers in this jurisdiction.

The 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 week<sup>1</sup>); 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 week<sup>2</sup>).

The increases flow on to junior employees, employees to whom training arrangements apply, employees with a disability and basic piece rates of pay.

The increases take effect from **1 December 2006** (commences midnight 30 November).

### Whose wage will increase as a result of this decision?

Employees in the federal jurisdiction receiving minimum wage rates will receive a pay rise from 1 December 2006. Employees receiving minimum wage rates include an employee:

- who is receiving the standard Federal Minimum Wage; or
- who is receiving a rate of pay included in a Pay Scale (previously reliant on a federal or state award).

### Who is in the federal jurisdiction?

The majority of employees and employers in Australia are in the federal jurisdiction and are covered by the standard Federal Minimum Wage, special Federal Minimum Wages or preserved Pay Scales. Employees and employers covered include:

- trading, financial and foreign corporations (Constitutional corporations) and their employees;

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<sup>1</sup> \$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).

<sup>2</sup> \$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.

- employees and employers in the Australian Capital Territory, the Northern Territory and Christmas and Cocos (Keeling) Islands;
- the Commonwealth, including its authorities, and its employees;
- employers of waterside, maritime and flight crew employees who are employed in connection with interstate, overseas, inter-territory or state-territory trade and commerce; and
- most employees and employers in Victoria.

### **Employees covered by an agreement made prior to Work Choices**

The Pay Scales do not apply to:

- employees covered by the five-year transitional federal award system;
- employees covered by Australian Workplace Agreements (AWAs) or certified agreements approved prior to the commencement of Work Choices; and
- employees covered by preserved state agreements.

### **Employees covered by an agreement made after Work Choices**

Where employers and employees made a collective or individual agreement after the commencement of Work Choices (27 March 2006), employees must be paid at a rate that is at least equal to the relevant Pay Scale as increased by this decision.

The standard Federal Minimum Wage and special Federal Minimum Wages and Pay Scales, (as part of the Australian Fair Pay and Conditions Standard), set out the minima that apply to employees in the federal system. Therefore, employers who have made new agreements under Work Choices must pay these employees wages that are at least equal to the new minimum wages.

### **Safety Net Adjustment 2005**

Pay Scales from a pre-reform federal wage instrument (predominantly federal and state awards) that was not adjusted for the Australian Industrial Relations Commission's (AIRC's) 2005 Safety Net Review decision by the AIRC or a state industrial body, but

- was adjusted in accordance with the AIRC's 2004 Safety Net Review decision (whether by the AIRC or by a State industrial authority); or
- received a safety net adjustment during the 12 months to 27 March 2006 (whether by the AIRC or by a State industrial authority); or
- took effect after the AIRC's 2004 Safety Net Review decision,

are increased by **\$17 per week expressed as an hourly rate in addition** to any other increase in this decision.

### **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](http://www.fairpay.gov.au)

