

Fact sheet

Annual wage reviews

About annual wage reviews

Reviewing and setting minimum wages has been a key function of Australia's national workplace relations tribunal since it was first established as a court in the early 1900s.

Under the *Fair Work Act 2009* (Cth) (Fair Work Act) the Fair Work Commission's (the Commission) Expert Panel for annual wage reviews (the Panel) conducts an annual wage review and issues a decision and national minimum wage order (the order) for award/agreement free employees. The decision and order generally come into operation on 1 July of the following financial year.

The Expert Panel for annual wage reviews

The Fair Work Act provides that annual wage reviews are to be conducted by the Panel, which comprises the President, three other full-time members and three part-time members.

The part-time members' sole function is to work on the annual wage review. Such members must have knowledge of, or experience in, one or more of the following fields:

- workplace relations
- economics
- social policy, and
- business, industry or commerce.

The full-time members of the Panel are chosen by the President from the full-time members of the Commission.

What guides the work of the Panel?

In conducting the annual wage review, the Panel must consider the provisions and objectives outlined in the Fair Work Act, in particular Part 2-6 which deals with minimum wages.

The Panel must consider both the 'minimum wages objective' (s.284) as well as the 'modern awards objective' (s.134).

The *Fair Work (Transitional Provisions and Consequential Amendments) Act 2009* also requires the Panel to review minimum wages in a number of transitional instruments.

The annual wage review process

The annual wage review process involves:

- the Panel seeking research proposals from interested parties and determining a research program
- Commission staff conducting or commissioning research in consultation with the Minimum Wages Research Group
- written submissions from interested organisations and individuals, and
- consultations before the Panel.

In conducting the annual wage review, the Panel is required under the Fair Work Act to review:

- minimum wages in modern awards and transitional instruments, and

- the national minimum wage order from the previous annual wage review.

The Panel must ensure that all persons and bodies have a reasonable opportunity to make, and also to comment on, written submissions for consideration in the annual wage review.

The Fair Work Act requires that all submissions are published unless the person or body making the submission claims it contains confidential or commercially sensitive information and the Commission is satisfied with this claim.

The Fair Work Act also allows for investigations and reports for consideration in an annual wage review. All research undertaken for an annual wage review must be published so that submissions can be made on the issues covered in that research.

At the end of the annual wage review the Panel will issue its decision. This will be followed by the publication of determinations adjusting the minimum wage rates in modern awards and a national minimum wage order for award/agreement free employees.

Research

Research for the annual wage review is undertaken or commissioned by staff of the Commission. The research is published on the Commission's website: www.fwc.gov.au/awards-agreements/minimum-wages-conditions/annual-wage-reviews/annual-wage-review-2019-20/research.

What are the current national minimum wages?

In its Annual Wage Review 2019–20 decision (2019–20 Review), the Panel decided on a 1.75% increase in:

- the national minimum wage – increased to a new base rate of \$753.80 per week (or \$19.84 per hour)
- modern award minimum wages, and
- minimum wages in most transitional instruments (refer to the decision for exceptions).

As part of the [National Minimum Wage Order 2020](#), the casual loading for award/agreement free employees is maintained at 25%.

In the Annual Wage Review 2014–15 decision, the Expert Panel noted that the casual loading in the *Business Equipment Award 2010*, at 20% differed from the standard casual loading of 25% found in other modern awards. In the 2019–20 Review, the casual loading rate in the *Business Equipment Award 2010* was increased from 24% to 25%.

The Expert Panel was satisfied that the impact of the COVID-19 pandemic constituted exceptional circumstances under s.286(2) of the Fair Work Act, justifying a variation in the operative date of some awards.¹ Based on the industries most affected by the COVID-19 pandemic, the Expert Panel categorised awards into three groups.

The increases for the national minimum wage and Group 1 awards will take effect from the start of the first full pay period on or after 1 July 2020. For Group 2 awards, the increase will take effect from the start of the first full pay period on or after 1 November 2020 and for Group 3 Awards, from the start of the first full pay period on or after 1 February 2021. See the [Determinations](#) page of the Annual Wage Review 2019–20 website for more information.

For information about wages and rates of pay, go to the 'Pay' tab on the Fair Work Ombudsman's website at www.fairwork.gov.au.

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Fair Work Commission and its work. The Fair Work Commission does not provide legal advice.

¹ [2020] FWCFB 3500 at [155] – [192].