

Fair Work Commission awards minimum wage increases

On 15 June 2022, the Fair Work Commission handed down its [Annual Wage Review 2021-2022 Decision](#) (Decision), awarding increases to both the Federal Minimum Wage and minimum wage rates under modern awards (including the *Vehicle Repair, Services and Retail Award 2020* (VRSR Award) and the *Clerks Private Sector Award 2020*).

VACC is disappointed that the balanced and responsible approach advocated by employer groups of a 3% increase has been ignored, with the Decision instead imposing an unnecessarily complex outcome on businesses at a time many cannot afford further increases to costs. Coupled with the 0.5% increase to the Superannuation Guarantee from 1 July 2022, the Decision is a significant impost for small business.

Increase to the Federal Minimum Wage

The Decision awards an **increase of \$40 per week to the Federal Minimum Wage**, which amounts to an increase of 5.2% as part of its decision to provide a proportionately higher increase to lower paid employees. The Federal Minimum Wage will increase as set out below:

Current Federal Minimum Wage (equivalent of Level 1 under VRSR Award)	New Federal Minimum Wage (equivalent of Level 1 under VRSR Award)
\$20.33 per hour	\$21.38 per hour
\$772.60 per week	\$812.60 per week

Increase to modern award minimum wage rates

The Decision awards an **increase to modern award minimum wages of 4.6%, subject to a minimum increase for adult award classifications of \$40 per week for a full-time employee.**

The effect of the Fair Work Commission decision is that the 4.6% increase will apply to modern award rates above \$869.60 per week, with minimum wage rates below \$869.60 per week being adjusted by \$40 per week.

For the automotive industry, the 2022 wage increase applies from the first full pay period commencing on or after 1 July 2022.

As the wage increase will apply to minimum award rates of pay only, **the minimum wage increase may be fully absorbed into any existing over-award rates of pay.**

Proportionate increases will flow on to junior employees and employees to whom training arrangements apply (apprentices and trainees), employees with a disability and casual employees.

New Wages Guides

VACC will update the current Wages Guides and email them to all members and upload copies on the VACC website at www.vacc.com.au by **1 July 2022**, after the Commission issues formal determinations varying the modern awards.

In the interim, members seeking further information are encouraged to contact the Workplace Relations team on 03 9829 1123 or ir@vacc.com.au

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