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Fair Work Commission awards 2.5% minimum wage increase

On 16 June 2021, the Fair Work Commission awarded a **2.5%** increase to **all minimum award rates of pay based on a 38-hour week**. Unlike last year, with few exceptions, the Commission has returned to its normal approach of awarding a common 1 July operative date.

The Federal Minimum Wage will increase as set out below:

Current Federal Minimum Wage	New Federal Minimum Wage
(equivalent of Level 1 under VRSR Award)	(equivalent of Level 1 under VRSR Award)
\$19.84 per hour	\$20.33 per hour
\$719.20 per week	\$772.60 per week

Whilst the [Annual Wage Review 2020-21 Decision](#) acknowledged VACC's concerns about the continuing impact of COVID-19 restrictions on the automotive industry, the upcoming 0.5% increase to the Superannuation Guarantee, and the fact that businesses covered by the *Vehicle Repair, Services and Retail Award 2020* will be impacted by two minimum wage increases in a 6 month period, the Commission nevertheless ultimately determined (at paragraph 278) that:

“those businesses also had the benefit of no increase in minimum wages between 1 July 2020 and 1 July 2021. Further, the timing issues is, of itself, not sufficient to warrant a finding of exceptional circumstances in light of the turnover data”.

As a result, for the automotive industry the 2021 wage increase applies from the first full pay period commencing on or after 1 July 2021.

As the wage increase will apply to minimum award rates of pay only, the minimum wage increases 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 Wage Guides and email them to all members and upload copies on the VACC website at www.vacc.com.au by **1 July 2021**, 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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