

# Increase to Minimum Wage Rates and Superannuation Contributions

## Workplace Relations Update

### Increase to minimum wage rates

The National Minimum Wage has increased from \$606.40 to \$622.20 per week from 1 July 2013 (or \$16.37 per hour). The hourly rate has been calculated on the basis of a 38 hour week for a full-time employee. The National Minimum Wage applies to constitutional corporations (for example, Proprietary Limited or Limited companies).

In comparison, the State Minimum Wage has increased from \$627.70 to \$645.90 per week from 1 July 2013 (or \$17.00 per hour). The State Minimum Wage applies to 'non-constitutional corporations' (for example, sole traders, and some partnership and trust arrangements).

All modern awards and State award wage rates have also increased. Information about these increases will be available on the Fair Work Ombudsman or Wageline websites.

### Increase to high income threshold

Meanwhile, the high-income threshold for award coverage and unfair dismissal access has increased to:

- \$129,300 (from \$123,300) for the Federal system; and
- \$145,800 (from \$140,400) for the State system.

### Increase to superannuation contributions

The previous prescribed rate for superannuation contributions in Australia was 9%. Effective from 1 July 2013, the rate percentage will increase to 9.25% and will eventually rise to 12% by July 2019. From 1 July 2013, employers will also be required to give employees additional information about superannuation contributions they have made or will make.

### Who does this affect?

- Employers who pay employees under the minimum wage and awards.
- All employers and employees who pay and receive superannuation.
- All employees who are paid at the fixed award or minimum wage rates.
- Supported wage earners, junior employees, apprentices and trainees receiving award wages or the minimum wage.



## What does this mean for employers?

Employers will need to increase the superannuation contributions paid to employees and review record keeping requirements for all employees. Employers will also need to ensure that relevant employees' wages are increased in compliance with the new minimum requirements.

Employers may also need to review the current employment arrangements to ensure that they comply with these changes. For example, some employers may find that they will need to update current employment contracts and other individual flexibility arrangements.

Employers should also be aware that the Fair Work Commission has the power to order penalties against employers who fail to pay employees the prescribed rates. The maximum penalty for employers is \$51,000 (or \$10,200 for non-corporate entities) for each contravention.

## What does this mean for employees?

Employees who are paid at the fixed award or minimum wage rates will receive wage increases from 1 July 2013.

Supported wage earners, junior employees, apprentices and trainees receiving award wages or the minimum wage can also expect a percentage increase.

## Checklist for employers

1) Review all employment contracts	Completed <input type="checkbox"/>
2) Make pay adjustments where required to ensure compliance with the wage and superannuation increases	Completed <input type="checkbox"/>
3) Update your payroll system	Completed <input type="checkbox"/>
4) Ensure that payslips contain mandatory information	Completed <input type="checkbox"/>
5) Consider whether the manner you engage your workforce (and associated policies) need to be reviewed or amended	Completed <input type="checkbox"/>
6) Keep your workforce abreast of workplace changes	Completed <input type="checkbox"/>

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