WORKPLACE WRAP - JUNE 2023

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Australia Labor, Employment, and Workplace Safety Alert

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As we approach 1 July 2023, a number of the key financial thresholds relating to employees will increase.

We have prepared a handy key thresholds table for the 2023/2024 financial year for employers. Click here to view the key thresholds table.

From 1 July 2023, the *national minimum wage* and *award minimum wages* will increase by 5.75%.

Notably, in respect of the national minimum wage, the Fair Work Commission has elected to end the alignment between the national minimum wage rate and the C14 classification wage rate in modern awards. The reasoning for their decision was that the C14 wage rate was too low and no longer constituted a proper minimum wage safety net.

The Fair Work Commission has instead elected to realign the national minimum wage with the higher C13 classification wage rate in modern awards, applying the 5.75% wage increase to this higher classification wage rate.

In essence, this means that the national minimum wage will effectively lift by 8.65% from July 1 2023 when compared against the current C14 classification wage rate. However, the percentage increase has been framed as 5.75% by the Fair Work Commission as this is the size of the increase occurring at the C13 classification with which, from 1 July 2023, the national minimum wage will be aligned.

The lowest transitional rates applicable under modern awards remain valid in light of this decision.

From 1 July 2023, the superannuation guarantee rate will increase to 11%.

The changes will apply from the first full pay period starting on or after 1 July 2023.

The Fair Work Act's high income threshold will also be indexed and from 1 July 2023 will be increased to AU$167,500. Non-award or non-agreement covered employees who earn in excess of AU$167,500 will be unable to bring an unfair dismissal claim.

WHAT YOU SHOULD BE DOING FROM 1 JULY

Employers should:

- Review annualised salary arrangements to ensure that the annualised wage rate is sufficient to meet or exceed employees' minimum award/minimum wage entitlements taking into account the 5.75% increase;
- Update payroll systems and processes to ensure the increased wages and superannuation contribution are paid from the first full pay period starting on or after 1 July 2023;

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- Review enterprise agreement pay rates (where applicable) and ensure those rates do not fall below the applicable modern award base rate or the national minimum wage (as applicable);
- Ensure all employees who are eligible are receiving the correct superannuation guarantee contribution; and
- Be mindful of the new high income threshold of AU$167,500.

CAN WE HELP?

If you have any questions about the effect of the 1 July 2023 threshold increases on your payment obligations as an employer, please contact our Labour, Employment, and Workplace Safety team.

KEY CONTACTS



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