

TASMANIAN INDUSTRIAL COMMISSION

Industrial Relations Act 1984

s35 application for increase in Tasmanian minimum wage
s23(1) application for award or variation of award

Tasmanian Trades and Labor Council

(T14420 of 2016)

PUBLIC SECTOR AWARDS

ACTING PRESIDENT NM WELLS
COMMISSIONER MA GAY
COMMISSIONER T LEE

HOBART, 17 AUGUST 2016

Wage Rates - Tasmanian Minimum Wage rate determined at \$672.70pw - s47AB – work related allowances increased by 2.4% - supported wage varied - operative date from first full pay period on or after 1 August 2016

DECISION

[1] On 30 June 2016 the Tasmanian Trades and Labour Council (TTLIC) lodged this application seeking to:

- Vary the Tasmanian Minimum Wage specified by s47AB of the *Industrial Relations Act 1984* (the Act) by an increase of 2.4% to become \$672.70 per week, and to increase the Minimum Wage contained in awards to the same level.
- Vary work related allowances by 2.4%.
- Increase the minimum wage payable to persons engaged under the supported wage system.
- Adjust salary rates in the *Tasmanian State Service National Training Wage Award*.

[2] This application arises from the Annual Wage Review 2015-16 of the Fair Work Commission (FWC) handed down on 31 May 2016.¹ In its decision the FWC Full Bench noted:

"[101] The general economic climate is robust, with some continued improvement in productivity and historically low levels of inflation and wages growth. The prevailing economic circumstances provide an opportunity to improve the relative living standards of the low paid and to enable them to better meet their needs. The level of increase we have decided upon will not lead to inflationary pressure and is highly unlikely to have any measurable negative impact on employment. It will, however, mean a modest improvement in the real wages for those employees who are reliant on the NMW [National Minimum Wage] and modern award minimum wages.

¹ [2016] FWCFB 3500

[102] We have determined that it is appropriate to increase the NMW. The factors identified above have led us to award an increase of 2.4 per cent. The national minimum wage will be \$672.70 per week or \$17.70 per hour. The hourly rate has been calculated by dividing the weekly rate by 38, on the basis of the 38-hour week for a full-time employee. This constitutes an increase of \$15.80 per week to the weekly rate or 41 cents per hour to the hourly rate."

[3] The matter proceeded to hearing on, 19 July 2016. Mr S Walsh entered an appearance for the Tasmanian Trades and Labour Council (TTLC), together with Mr T Lynch of the Community and Public Sector Union (State Public Services Federation Tasmania) Inc (CPSU), Mr G Cooper of the United Firefighters Union of Australia, Tasmania Branch (UFU), Ms J Thomas of the Australian Nursing and Midwifery Federation, Tasmania Branch (ANMF), Ms K Siejka of the Australia Education Union, Tasmanian Branch (AEU) and Mr J Eddington of the Health Services Union, Tasmania Branch (HSU). Mr K Grey appeared for the Minister administering the State Service Act (MASSA) (the Minister). Mr Walsh provided submissions in support of the application, together with Mr Lynch and Mr Cooper.

[4] Mr Grey submitted that the Minister did not seek to make comment on the proposed increase of 2.4% to the Tasmanian Minimum Wage as the minimum rate was not applicable to the wages contained within state service Awards. Mr Grey stated that there was no objection to the increases sought to the supported wage system and the Tasmanian State Service National Training Wage. However, Mr Grey advised that the Minister objected to the proposed increase of 2.4% to work related allowances on the basis that that increase was outside the State Government's wages policy, and that an appropriate formula for the increasing of work related allowances had not been agreed or settled upon between the parties, since the 2015 Tasmanian Minimum Wage Case.

[5] The Full Bench acceded to a request of Mr Grey that the hearing be adjourned and directions set for the parties to lodge submissions in relation to the appropriate mechanism for increasing wage related allowances. Directions to this effect were issued on 20 July 2016. The Minister filed submissions on 1 August 2016. Prior to the TTLC filing submission on 10 August 2016, Mr Walsh advised the Commission that the parties had reached a consent position in relation to the increase to be applied to work related allowances for the 2016 Tasmanian Minimum Wage Case.

[6] At the hearing on 12 August 2016 Mr Ogle, who appeared for the Minister, advised the Full Bench that the parties had reached agreement such that from the first full pay period commencing on or after 1 August 2016, wage related allowances should increase by the minimum National Wage increase as determined by the Fair Work Commission, that is, an increase of 2.4%. Further, Mr Ogle submitted that the parties had agreed that increases to work related allowances that were considered 'whole of service' allowances, from 2017 onwards, would be based on a common reference point. The reference point for agreed whole of service wage related allowances is to be the most recent percentage increase that applied, on a point to point basis, to the Tasmanian State Service Award (TSSA) Band 4 (minimum) classification. It was submitted that the date of effect of these increases would be the first full pay period commencing on or after 1 July in each year.

[7] The Full Bench were advised further that it had been agreed that where work related allowances were specific to certain awards, those allowances would be included and increased in those awards via a separate mechanism, to be agreed by way of discussion between the parties in upcoming re-negotiations of enterprise agreements. Mr Ogle noted that there were 26 allowances which had been identified as either whole of service, or specific allowances to be increased.

[8] The Commission has aligned the Tasmanian Minimum Wage with that determined by FWC over the recent past. In the present circumstances and noting the pleasing

unanimity evident, we consider that it is consistent with the public interest to continue the alignment on this occasion.

[9] The formula for the adjustment of work related allowances is provided in the consent position of the parties, that is, for the 2016 Tasmanian Minimum Wage Case, the application of a 2.4% increase. We have recorded that the detailed reckoning of future increases to work related allowances are to be the subject of further attention by the parties in the forthcoming re-negotiations relevant to workplace entitlements. The basis for future adjustments in specific awards will then be provided for through variations of the state service Awards, and are to be agreed prior to the 2017 Tasmanian Minimum Wage Case application.

[10] Pursuant to s47AB of the Act we determine that the Tasmanian Minimum Wage for an adult in full-time employment will be \$672.70 per week effective from the first full pay period commencing on or after 1 August 2016.

[11] Pursuant to s3 of the Act, awards containing a Minimum Wage clause will be varied to reflect this decision.

[12] Awards containing a Supported Wage clause will be varied to reflect the new supported wage minima of \$82 per week. We note that this rate has historically been set at an income level which does not compromise benefits received under the Disability Support Pension.

[13] The *Tasmanian State Service National Training Wage Award* is to be varied to reflect an increase in salaries of 2.4%.

[14] Work related allowances in all awards will be increased by 2.4% in line with the parties' consent. A conference for the purposes of reporting on the establishment of formulae for determining increases for work related allowances relevant to specific awards will be listed before Acting President Wells on 23 March 2017 and a notice of listing will issue shortly.

[15] All Award variations arising from this decision will be effective from the first full pay period commencing on or after 1 August 2016.

[16] Orders arising from this decision will be settled by the Registrar with recourse to the Acting President.



N M Wells
Acting President

Appearances:

Mr S Walsh for the TTLC
Mr K Grey for the MASSA
Mr F Ogle for the MASSA
Mr T Lynch for the CPSU
Mr G Cooper for the UFU
Ms J Thomas for the ANMF
Ms K Siejka for the AEU
Mr J Eddington for the HSU

Date and place of hearing:

2016

July 19

August 12

Hobart