

The Fair Work Commission has just handed down the [2016 wage decision](#) increasing the national minimum wage and base rates of pay in the modern awards.

Wage increase

The minimum wage has been increased by 2.4% to \$672.70 per week or \$17.70 per hour (a 41c per hour increase on the minimum wage).

In keeping with recent years' decisions, modern award rates will also increase by 2.4%.

Apprentice and trainee rates will increase by proportionate amounts.

Allowances will be increased by Fair Work Commission orders over the next few weeks.

Operational date

The increase will have effect from the first full pay period on or after 1 July 2016.

Who does this affect?

This decision affects all employees who a modern award applies to. If you have award based employees who are paid above award rates, the 'absorption' principle means that you do not have to increase above-award payments unless the new award minimum is higher than the employee's current rate, in which case you must pay at least the new minimum.

Employers who have enterprise agreements in place (including pre-*Fair Work Act 2009* documents) will need to ensure that the [base rate of pay](#) is at least [equal to the award](#) minimum. This requirement only applies to the base rate of pay and does not extend to allowances, penalty rates or loadings.

NB: even if an agreement has expired, it remains in force until it is [replaced](#) by a new one or the Commission [terminates](#) the agreement. This applies to almost all [pre-Fair Work Act 2009](#) agreements.

Need more information

If you would like further information about award rates, or to check your existing agreement rates, please contact the team at Fair Work Lawyers.



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