



PAYpack News

Annual Wage Review 2025

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PAYpack News – Annual Wage Review

Update: Fair Work Commission’s Annual Wage Review - 3 June 2025 Decision

Operative Date: This wage increase is effective for all Awards from the first FULL pay period commencing on or after 1 July 2025

The Decision: 3.5% Increase to National Minimum Wage and to Modern Awards

On 3 June 2025, the Minimum Wage Panel of the Fair Work Commission handed down its Annual Wage Review Decision. This Decision applies to all private sector businesses, i.e., National System Employers.

In summary, the Decision provides for **an increase of 3.5%** to the National Minimum Wage and to Modern Awards, **effective from the first full pay period commencing on or after 1 July 2025**.

The Panel increased Modern Award **minimum weekly wages by 3.5%** for Modern Award rates. The increase to Modern Awards will be effective from the **first full pay period commencing on or after 1 July 2025**.

As a result of awarding a percentage increase, the monetary increase will differ from award to award and classification to classification, with adult weekly wages being rounded to the nearest 10 cents.

The National Minimum Wage will **increase to \$948.00 per week** (or **\$24.95 per hour** based on a 38-hour week), **representing a 3.5% increase** or an increase of **\$32.10 per week, or \$0.85 cents per hour**.

The increases also flow-on proportionately to junior employees, employees to whom training arrangements apply, employees with a disability and employees with basic piece rates of pay.

In accordance with Modern Award provisions, these increases may be able to be absorbed into any existing amounts currently being paid over and above the relevant minimum rates. However, in assessing whether absorption is possible, it is essential that the contract of employment and any associated Individual Flexibility Arrangements are fully considered.

Where employers and employees are covered by an enterprise agreement, employees must be paid a rate that is at least equal to the base rate of pay of the relevant Modern Award. However, businesses must refer to their enterprise agreement to determine the specific application of the Annual Wage Review to the agreement.

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National Minimum Wage Order

The national minimum wage order will also contain:

- Wage provisions for award/agreement free junior employees: a minimum wage based on the percentages for juniors in the *Miscellaneous Award 2020* applied to the National Minimum Wage.
- For award/agreement free employees to whom training arrangements apply: a minimum wage based on the apprentice wage provisions and the National Training Wage Schedule in the *Miscellaneous Award 2020*.
- A casual loading of 25% for award/agreement free employees.

Two special national minimum wages have been set for award/agreement free employees with a disability:

- For employees with a disability whose productivity is not affected: a minimum wage of **\$948.00- per week**, based on a 38-hour week (or **\$24.95 per hour**).
- For employees with a disability whose productivity is affected: a minimum wage which is based on an assessment under the Supported Wage System. [Note: Relevant awards have a Supported Wage Schedule.]

Allowances

The Decision increases work-related allowances which are based on the Standard Rate specified in the relevant Modern Award and increased through the Annual Wage Decision. However, in the past expense-related allowances are increased on the basis of movements in applicable consumer price index figures and therefore not automatically increased.

Draft orders may be issued by the Fair Work Commission to adjust expense-related allowances. Businesses will be informed in due course of the increased expense-related allowances if applicable.

Gender Undervaluation – Priority Awards Changes

As a result of the Fair Work Commission's gender undervaluation review of 5 awards, minimum wages for pharmacists (including pharmacy interns) covered by the Pharmacy Award will increase by 14.1%, applied in three stages over three years on the full pay period starting on or after 30 June and more particularly

- 30 June 2025
- 30 June 2026
- 30 June 2027.

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The Commission has also proposed to make changes to the remaining four awards, which are still being finalised. They include:

- Health Services Award
- Social, Community Home Care and Disability Services Award
- Aboriginal and Torres Strait Islander Health Award
- Children's Services Award

Review of Professional Classifications in all Modern Awards- Priority Awards Changes

The Fair Work Commission decision also included an announcement on their next priority review which will be to review all professional classification's in Modern Awards – that is, all classifications for which a University degree is required as a minimum.

Action Required

PAYpack subscribers will be informed of the effect of the Decision on various Modern Awards to which they subscribe.

In the meantime, it is important that businesses examine and understand the nature of their current industrial arrangements to assess the impact of this Decision on their workplace. Given this Decision imposes a significant increase to wages, businesses who historically were paying above Award rates may no longer be able to avoid passing on an increase to employees if they now fall under the national minimum wage or Award rates.

The South Australian Business Chamber will shortly begin updating and issuing PAYpack rates reflecting the recent increases to Modern Award wages and allowances for relevant Modern Awards.

The South Australian Business Chamber are experts in industrial relations and here to support you through this challenging time - for assistance call one of our friendly Workplace Advisers on our Business Advice Hotline on 08 8300 0000 (select option 1).

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