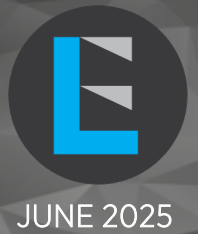


FWC Annual Wage Review 2025-26



Earlier this morning, 3 June 2025, the Fair Work Commission (**FWC**) announced their [decision](#) regarding the Annual Wage Review for 2025-26. The FWC has increased both the **minimum wage** and **modern award minimum wage rates** by **3.5%**. The increased rates are to be applied with effect 1 July 2025.

National Minimum Wage Increase

The National Minimum Wage (**NMW**) applies to employees not covered by an award or registered agreement.

From **1 July 2025**, the NMW will be increased to \$948.00 per week or \$24.95 per hour. It is an increase of about \$32.10 a week to the current minimum wage.

Award Minimum Wage Increase

Following consultation with a range of stakeholders, including peak councils, registered employer/employee organisations, individual employers and employees, and the Australian Commonwealth and State Governments, the FWC decided that employees covered by a modern award (approximately 2.6 million workers — equivalent to 20.7% of the national workforce) will have their award based minimum rates increased by **3.5%** with effect the first full pay period starting on or after **1 July 2025**.

The FWC determined that based on the Reserve Bank of Australia's assessment that inflation has returned to its target of 2-3%, the time had come for awarding a real increase to modern award wages and the NMW so as to avoid permanently entrenching a reduction in living standards for the lowest paid in the community. The FWC went on to state that they were satisfied that based on:

- the labour market remaining strong;
- continued employment growth;
- low unemployment rates; and
- profit margins at approximately pre-pandemic levels;

the level of wage increase was sustainable.

This position was supported by Minister for Employment and Workplace Relations, Amanda Rishworth, who welcomed the increases, stating that, the Australian Government, "*believes that workers should get ahead with an economically sustainable real wage increase*" and that "*a real wage increase provides further relief to [the] lowest paid workers who continue to face cost-of-living pressures.*"

Enterprise Agreement Wage Increase

Employees covered by enterprise agreements that provide for annual wage increases aligned to the FWC Annual Wage Review (approximately 300,000 workers — equivalent to 2.3% of the national workforce), will also be entitled to the 3.5% increase with effect 1 July 2025.

Superannuation

The legislated minimum superannuation amount will increase from 11.5% to 12% per annum on 1 July 2025.

Takeaways for employers

The increases to minimum wages will take effect for employers from the first full pay period on or after 1 July 2025. The increases will also have a flow-on effect to all loadings, penalties, allowances and overtime payments under the awards that are calculated with reference to the minimum wage. Employers will soon be able to review these increase on the FWC's Pay and Conditions Tool [website](#), with the associated FWC [pay guides](#) being published closer to 1 July 2025.

Employers should review their current pay arrangements to ensure that:

- **award/agreement-free employees:** any employee not covered by a modern award or enterprise agreement is paid the new minimum weekly wage.
- **modern award covered employees:** from the first full pay period on or after 1 July 2025, employees covered by a modern award are paid the newly prescribed minimum award rates of pay, including

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casual loading and other loadings, penalties, allowances or overtime, which are calculated by reference to the modern award minimum rates of pay.

- **all-inclusive salary employees:** review salary packages of employees who receive 'all-inclusive salaries'. The increase may affect the lawfulness of that all-inclusive salary if it is no longer adequate to compensate them for their award entitlements ie to achieve a positive BOOT.
- **enterprise agreement covered employees:** from the first full pay period on or after 1 July 2025, for employees:
 - not covered by a modern award – not less than the national minimum wage;
 - covered by a modern award - not less than the minimum prescribed rate of pay for the employee's award classification; and
 - engaged under arrangements that guarantee pay above the high-income threshold - must exceed the high-income threshold (currently \$175,000, however, will increase with effect 1 July 2025).