

The Fair Work Commission has just handed down the 2020 wage [decision](#), increasing the national minimum wage and base rates of pay in modern awards.

Wage increase

The minimum wage has been increased by 1.75% to \$753.8 or \$19.84 per hour (a 35c per hour increase on the minimum wage).

In keeping with recent years' decisions, modern award rates will also increase by 1.75%.

Apprentice and trainee rates will increase by proportionate amounts.

The decision does not expressly deal with how allowances will change. In previous years skill and disability allowances were increased by the same percentage and expense-related allowances by the applicable CPI measure. We anticipate this will be the same but are unable to confirm this.

Operational date

Unlike previous years, increases will commence at different times for different industry sectors.

Tranche 1 will commence on 1 July 2020. This includes frontline health and social assistance workers, teachers, childcare and essential services.

Tranche 2 will commence on 1 November 2020, and includes construction and manufacturing.

Tranche 3 will commence on 1 February 2021, and includes the sectors most heavily affected by the current Covid-19 crisis, including accommodation, food services, arts, aviation, retail trade and tourism.

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 new 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 most [pre-Fair Work Act 2009](#) agreements.

Need more information

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

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