



E-ALERT: Annual Wage Review 2016 – 2017

By ,

FWC awards 3.3% wage increase

For clients and businesses who pay either strictly in accordance with or by reference to award rates of pay or the National Minimum Wage, the Full Bench of the Fair Work Commission today handed down its Annual Wage Review Decision for 2016-2017.

The decision directly affects approximately 2.3 million employees and indirectly will drive an increase in wages for many other employees whose wages are set indirectly by reference to underpinning Modern Awards.

In its decision, the Full Bench cited factors including the following as material to its assessment of the appropriate adjustment:

1. Real net national disposable income having increased by 6.8 per cent over the year to the December 2016, after it fell in the previous year.
2. All measures of inflation having increased since the March quarter 2016, but being currently at the lower end of the RBA's medium-term target range (CPI increased by 2.1 per cent over the year to the March quarter 2017).
3. Over the 5 years to the December quarter 2016, labour productivity growth in the market sector being higher than the previous 5-year period and having increased sharply in 2016.
4. On an annual basis, profit growth having been particularly strong in 2016 compared with the preceding years and above the 5-year and 10-year averages for both total industries and non-mining industries.
5. The principal business conditions surveys showing that the assessment of business conditions is positive and above long-term average levels.

Against this background the Commission has awarded an increase of 3.3%.

The national minimum wage will be \$694.90 per week, or \$18.29 per hour.

This constitutes an increase of \$22.20 per week to the weekly rate or 59 cents per hour to the hourly rate.

Should you wish to discuss any matters arising out of this article, please contact the author:

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