

Method for adjusting rates in modern awards—Annual Wage Review 2021



This document outlines the method used by the Fair Work Commission to adjust wage rates in modern awards following the increase applied as a result of the Annual Wage Review 2020–21 decision [[\[2021\] FWCFB 3500](#)].

The Expert Panel granted a 2.5% general increase to award rates in the Annual Wage Review 2020–21 decision [[\[2021\] FWCFB 3500](#)]. The Panel determined different operative dates for different awards as follows:

- 1 September 2021 - General Retail Industry Award 2020
- 1 November 2021 - modern awards listed at para [\[298\]](#)
- 1 July 2021 – all remaining modern awards.

National Minimum Wage

The minimum weekly rate for an adult is **\$772.60** and the minimum hourly rate for an adult is **\$20.33**.

Calculating increases

The method for calculating rates is at [\[323\]](#) of [\[2021\] FWCFB 3500](#).

The decision states that **weekly rates** are rounded to the nearest \$0.10.

Any rounding rules in an award override the more general rules explained here.

Weekly rates

In order to calculate the 2021 weekly rate for an adult employee, the AWR percentage increase is applied to the 2020 weekly rate and that rate is then rounded to the nearest \$0.10.

NOTE: If the amount is \$0.01 - \$0.04, the amount is rounded down to the last \$0.10.

If the amount is \$0.05 - \$0.09, the amount is rounded up to the next \$0.10.

Hourly rates

Where an award contains only hourly rates, the AWR percentage increase is applied to the hourly rate and that rate is then rounded to the nearest \$0.01.

Weekly and Hourly rates

Where an award contains **both** weekly and hourly rates the AWR percentage increase is applied to the weekly rate and that rate is then rounded to the nearest \$0.10.

The rounded rate is then divided by the number of ordinary hours of work per week in the award to determine the adjusted hourly rate, rather than separately applying the AWR percentage increase to the hourly rate.

The hourly rates are then rounded to the nearest \$0.01.

Examples ([from Manufacturing award MA000010](#)):

Weekly rates:

Classification	2020 rate	2021 rate after 2.5% increase - unrounded	2021 weekly rate rounded to the nearest \$0.10
C14 / V1	753.80	772.6450	772.60
C13 / V2	775.40	794.7850	794.80
C12 / V3	805.10	825.2275	825.20
C11 / V4	832.80	853.6200	853.60
C10 / V5	877.60	899.5400	899.50

Hourly rates:

Classification	1/38 of 2021 rounded weekly rate	2021 hourly rate rounded to the nearest \$0.01
C14 / V1	20.33158	20.33
C13 / V2	20.91579	20.92
C12 / V3	21.71579	21.72
C11 / V4	22.46316	22.46
C10 / V5	23.67105	23.67

Annual rates

Where an award contains only annual rates the AWR percentage increase is applied to the annual rate and that rate is then rounded to the nearest \$1.

Annual and weekly rates

Where an award expresses wages as both annual and weekly rates, the AWR percentage increase is **usually** applied to the weekly rate then converted to an annual rate, as follows:

- If there is a method in the award to convert an annual to a weekly rate or vice versa, this method will be used to calculate the new annual rate.
- If the award does not contain a method, the method that had previously been used in applying Safety Net increases to rates in an award-based transitional instrument from which these rates were derived is used.

- If the award does not contain a method and it is not apparent what method had previously been used, the method in the [Workplace Relations Regulations 2006](#), of multiplying the weekly rates by 313/6, is used.
- There are some awards, such as the Architects Award 2020, where the AWR percentage increase is applied to the annual rate as the base rate and not the weekly rate.

Casual rates

Where an award contains a rate for casuals, the casual loading is applied to the rounded minimum hourly rate.

NOTE: If there is an allowance payable for all purposes and it applies to all employees, then that all-purpose allowance will be adjusted by the applicable percentage of the standard rate as defined in the award. The allowance amount is then added to the rounded minimum hourly rate to create the rounded ordinary hourly rate. The casual loading will be added to that rate.

Junior, trainee and apprentice rates

Where an award contains rates for juniors, trainees or apprentices the AWR percentage increase is first applied to the adult rate.

The percentage of the adult rate, according to the employee's age or year of apprenticeship, is then applied either to the adult minimum weekly¹ rate or the adult minimum hourly rate, depending on the award.

That calculated junior, trainee or apprentice rate is then rounded to the nearest \$0.01.

Penalty rates, including overtime and shift rates

Where an award contains penalty, overtime or shift rates the relevant percentage is applied to the rounded minimum hourly rate or the rounded ordinary hourly rate.

NOTE: If there is an allowance payable for all purposes and it applies to all employees, then that all-purpose allowance will be adjusted by the percentage of the standard rate and added to the rounded minimum hourly rate to create the rounded ordinary hourly rate.

Most awards contain a Summary of Hourly Rates of Pay which sets out hourly rates with the various penalty rates applied.

National Training Wage schedule

The AWR percentage increase is applied to all rates in the NTW schedule. Weekly rates are rounded to the nearest \$0.10 and hourly rates are rounded to the nearest \$0.01.

Piece rates

Where an award contains piece rates the AWR percentage increase is applied to the existing piece rate.

The new piece rates are then rounded to the same number of decimal places as they are currently in the award.

¹ The junior, trainee and apprentice minimum hourly rate is then derived from this calculated weekly rate after it has been rounded.

More complex awards

Rates in some awards are based on pre-existing formulae which have been maintained in the modern awards.

In some awards there is an underlying 'basic' rate which has been adjusted in accordance with the Annual Wage Review (AWR) decision. The other rates are then adjusted relative to that adjusted rate (i.e. the AWR adjustment is not made on each rate).

Where rates are the sum of other rates, the underlying base rates are calculated first by applying the AWR percentage increase. Then the adjusted rates will be added together as in the following example:

Pastoral Industry Award 2020 [\[MA000035\]](#)

A.1 Rates for Shearers—if not found employee

A.1.1 For flock sheep (wethers, ewes and lambs)

The minimum rate for Shearers shearing 100 flock sheep (if not found employee) is arrived at by:

Shearer's formula	Only this minimum rate is adjusted according to AWR	\$
<i>Minimum rate</i>		848.80
Plus 20% piecework allowance—min rate x 20%		169.76
Plus 25% casual loading—min rate x 25%		212.20
<i>Subtotal</i>		1230.76
Plus shearing industry allowance ¹		231.66
Plus rations ¹		63.53
Plus allowance for combs/cutters ¹		109.24
Plus payment for handpiece ¹		24.70
<i>Weekly total for casual piecework Shearer with own handpiece (500 sheep)</i>		1659.89
Rate per 100 conversion—total divided by 5		331.98

¹ The industry allowance, rations, combs/cutters and handpiece components are expense-related allowances adjusted in accordance with clause [C.2](#).