

Method for adjusting rates in modern awards—Annual Wage Review 2021–2022



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 (AWR) 2021–22 decision [[\[2022\] FWCFB 3500](#)].

The Expert Panel decided to increase modern award minimum wages by 4.6 per cent subject to a minimum increase for adult award classifications of \$40 per week:

- The \$40 per week increase is based on a 38-hour week for a full-time employee.
- Modern award minimum wage rates above \$869.60 per week will receive a 4.6 per cent adjustment
- Wage rates below \$869.60 per week will be adjusted by \$40 per week

The Panel determined different operative dates for different awards as follows:

- 1 October 2022 - modern awards listed at para [\[454\]](#)
- 1 July 2022 – all remaining modern awards.

National Minimum Wage

The minimum weekly rate for an adult is **\$812.60** and the minimum hourly rate for an adult is **\$21.38**.

Calculating increases

The method for calculating rates is at [\[451\]-\[452\]](#) of [\[2022\] FWCFB 3500](#).

The **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 2022 weekly rate for an adult employee, the \$40 per week or 4.6 percent increase is applied to the 2021 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 threshold is converted to an hourly amount by dividing \$869.60 by 38, regardless of the number of ordinary hours in the award. For rates below the threshold of \$22.88 in

2021, the \$40 per week is divided by 38 to make an hourly increase of \$1.05 which is added to the 2021 rate and rounded to the nearest \$0.01; or

- For rates above \$22.88 the AWR percentage increase of 4.6% 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 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 increase to the hourly rate.

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

Examples: from [Manufacturing and Associated Industries and Occupations Award 2020 \[MA000010\]](#) - clause 20.1:

Weekly rates:

Classification	2021 rate	2022 rate after \$40 or 4.6% increase - unrounded	2022 weekly rate rounded to the nearest \$0.10
C14 / V1	772.60	+40 = 812.60000	812.60
C13 / V2	794.80	+40 = 834.80000	834.80
C12 / V3	825.20	+40 = 865.20000	865.20
C11 / V4	853.60	+ 40 = 893.60000	893.60
C10 / V5	899.50	+4.6%=940.87700	940.90
C9 / V6	927.70	+4.6%=970.37420	970.40

Hourly rates:

Classification	1/38 of 2021 <u>rounded</u> weekly rate		2021 hourly rate rounded to the nearest \$0.01
C14 / V1	812.60	21.3842105	21.38
C13 / V2	834.80	21.9684211	21.97
C12 / V3	865.20	22.7684211	22.77
C11 / V4	893.60	23.5157895	23.52
C10 / V5	940.90	24.7605263	24.76
C9 / V6	970.40	25.5368421	25.54

Annual rates

Where an award contains only annual rates the applicable AWR increase is applied as follows:

- The threshold is converted to an annual amount based on a conversion factor that is either specified in the award or which has been used historically. The conversion factor may vary from award to award. The \$40 weekly increase is also converted to an annual amount by the same factor and added to the annual rates if they fall below the converted threshold. The annual rates are otherwise adjusted by 4.6% if the 2021 rates are higher than the threshold. The updated rate is then rounded to the nearest \$1.

Example: From [Business Equipment Award 2020 \[MA000021\]](#)¹ - clause 14.2(i):

Classification	2021 rate	2022 rate after \$40 ¹ or 4.6% increase - unrounded	2022 annual rate rounded to the nearest \$1
Technical employee			
Level 1	41,280	+2080 = 43360.000	43,360
Level 2	42,888	+2080 = 44968.000	44,968
Technician			
Level 3	44362	+2080 = 46442.000	46,442
Level 4	46775	*4.6% = 48926.650	48,927
Level 5	49672	*4.6% = 51956.912	51,957
Level 6	52426	*4.6% = 54837.596	54,838

¹ \$40 * 52 = \$2080 annual increase for this award. The annual threshold in this award would be \$869.60 * 52 = \$45,219²

Annual and weekly rates

Where an award expresses wages as both annual and weekly rates, the AWR increase is **usually** applied to the weekly rate (the above example for the *Business Equipment Award 2020* is an exception to the rule) 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.

¹ Although the *Business Equipment Award 2020* presents minimum annual, weekly and hourly rates, the AWR increase has been applied directly to the annual rate since the operation of the 2010 instrument. It is used here as an example.

² Conversion factor based on clause 14.2(a)(iv).

- There are some awards, such as the *Architects Award 2020*, where the AWR 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 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 weekly³ 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 National Training Wage (NTW) is adjusted using the same method used in the AWR 2009–10. The rates are not varied by the full \$40 per week AWR weekly increase. Instead, the top NTW rates (exit rates) are increased by 80% of the \$40 increase.

All other rates within the wage level increase by an amount which maintains their relativity to the top rate in the Wage Level. That is, they increase by a percentage of 80% of the AWR increase (the percentage of the rate is of the top rate).

Weekly rates are rounded to the nearest \$0.10 and hourly rates are rounded to the nearest \$0.01.

³ The junior, trainee and apprentice minimum hourly rate is then derived from this calculated weekly rate after it has been rounded.

Piece rates

Where an award contains piece rates the percentage change in the standard rate is applied to the existing (2021) piece rate. If the standard rate is above the \$869.60 threshold, then 4.6% is applied to the piece rate.

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

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 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	\$
<i>Minimum rate</i>	888.80
Plus 20% piecework allowance—min rate x 20%	177.76
Plus 25% casual loading—min rate x 25%	222.20
<i>Subtotal</i>	1288.76
Plus shearing industry allowance ¹	243.45
Plus rations ¹	65.00
Plus allowance for combs/cutters ¹	113.99
Plus payment for handpiece ¹	25.77
<i>Weekly total for casual piecework Shearer with own handpiece (500 sheep)</i>	1736.97
Rate per 100 conversion—total divided by 5	347.39

Only this minimum rate is adjusted according to AWR (\$848.80 +\$40)

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