



ACWA – ESSA WORKPLACE ALERT

2021-22 Annual Wage Review Decision

by Graham Lilleyman, June 2022

The Fair Work Commission ('the FWC') has handed down the *2021-22 Annual Wage Review Decision* ('the Decision').

The Decision has provided a significant increase in wage rates, with the amount of the increase differing between wage levels and being implemented at different times depending on which Modern Award employees are covered by.

As a result of the varying amounts and timing of the increases, the implementation of the Decision is more complicated than it has been in recent years.

The **National Minimum Wage** will increase by 5.2%. All **Modern Award base rates** of pay will increase by either 4.6% or \$40.00 per week, whichever is the higher. This equates to an increase to \$812.60 or \$21.38 per hour for employees on the National Minimum Wage. In hourly rate terms the increase is \$1.05 cents per hour for permanent adult employees and \$1.31 for casual employees. The increase must also be applied to each wage classification in each Modern Award and as such, the amount of the increase may vary even within the same Modern Award. In most Modern Awards the lower classifications will increase by the flat dollar amount and the higher classifications adjusting by the mandated percentage increase. The increase in wages will flow on to employees that are less than 21 years of age proportionally depending on the junior worker provisions that are relevant to those employees.

The cut-off point above which Modern Award classifications receive the mandated 4.6% increase as opposed to the \$40.00 per week flat rate increase is \$869.60 (\$22.80) per hour. Employers paying employees above Award rates may offset the increase subject to certain other requirements being met, but employers need to consider the very tight labour market that currently exists in forming their view on this issue.

The increase has effect for most Modern Awards from the first pay period commencing on or after 1 July 2022.



Notwithstanding the above, the FWC has determined that the increase will commence at a later date for a limited number of Modern Awards. Employees in Modern Awards that generally operate in the hospitality, tourism and aviation industries will not increase until 1 October 2022. A full list these Awards is provided below.

- *Aircraft Cabin Crew Award 2020*
- *Airline Operations – Ground Staff Award 2020*
- *Air Pilots Award 2020*
- *Airport Employees Award 2020*
- *Airservices Australia Enterprise Award 2016*
- *Alpine Resorts Award 2020*
- *Hospitality Industry (General) Award 2020*
- *Marine Tourism and Charter Vessels Award 2020*
- *Registered and Licensed Clubs Award 2020*
- *Restaurant Industry Award 2020*

Superannuation Changes

Employers are also reminded that from 1 July 2022, compulsory employer funded superannuation will increase from 10% to 10.5%. In addition to this, the current \$450.00 per month wage threshold before superannuation is payable has been discontinued. Superannuation is now payable on all income earned by employees including those earning less than \$450.00 per month from any employer.



Inevitably there will be some debate as to why certain Awards have landed where they have, but that is how the FWC has decided to apply the increases.

Employers are reminded that they are legally obliged to comply with minimum wage and/or Award obligations and there are severe penalties for non-compliance.

Employers using enterprise bargaining agreements, or the old Australian Workplace Agreements should also ensure that they have their arrangements reviewed, because whilst Modern Awards do not generally have application to businesses that have Agreements, the base rates of pay under Agreements must comply with your obligations under section 206 of the *Fair Work Act 2009*.

Contact ESSA:

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YOUR ACWA MEMBERSHIP INCLUDES IR & WAGE ADVICE



ACWA has a service agreement with **ESSA** (Employment Services & Solutions Australia) and HR Legal to provide Industrial and Wage advice to all current financial ACWA members.

***** ACWA financial members, for authorisation purposes, must provide your ACWA Membership carwash or company name and main contact name *****

In today's changing industrial environment and the introduction of modern awards by the IRC it is important for members to stay informed and comply with all conditions of employment.

ESSA will maintain an ACWA specific Phone Line and email advice line, manned by trained industrial relations consultants, during normal business hours (EST) to answer queries about:

1. current terms and conditions of employment for the industry including award coverage
2. annual wage increases,
3. changes arising from the new National Employment Standards
4. changes arising from Upcoming Modernized Awards;
5. general information regarding termination of employment and unfair dismissal (with any litigation to be referred to HR Legal);
6. general information about Discrimination, Bullying and OH&S (with any litigation to be referred to HR Legal).

Individual ACWA members will each be entitled to free telephone support per current membership year with additional work being charged at discounted rates. Support includes:

1. telephone advice (via the dedicated ACWA Phone Service) or dedicated email advice;
2. review of documentation which involves less than 15 minutes reading, the preparation of short written correspondence by email (not requiring formal legal advice).

It is anticipated that the majority of our members seeking to clarify wage rates, or get general information about agreement making and termination can obtain such advice without charge.

However, time limits will be applied where the matter requires specific detailed advice or representation, or information about past underpayment of wages.

If the advice you seek is more detailed than described above, or if you have reached the limit of your free time allocation, you will be notified in writing (by email or letter) that any additional advice will be chargeable directly to you and the charge rates will be specified.

ESSA will consult with HR Legal as required to provide professional and seamless advice.

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