


FWO Annual Wage Review 2021-22



On 15 June 2022, the Fair Work Commission (FWC) Expert Panel handed down its [decision](#) in the Annual Wage Review for 2021-22 (Wage Review). The key outcomes of the Wage Review are:

 **5.2% increase to the national minimum wage**

 **4.6% increase to award minimum wages, subject to a min. increase of \$40.00 per week:**
- **1 July 2022** for [most](#) modern awards; and
- **1 October 2022** for employers in the aviation, tourism and hospitality industries.

 **25% casual loading to remain steady for modern award or enterprise agreement free employees.**

National Minimum Wage Increase

The National Minimum Wage applies to employees not covered by an award or registered agreement.

From 1 July 2022, the National Minimum Wage will increase by \$40 per week, which amounts to an increase of 5.2%.

The new National Minimum Wage will be \$812.60 per week or \$21.38 per hour.

Award Minimum Wage Increase

% Increases

Employees who are covered by an award will have their award based minimum rates increased by 4.6%, subject to a minimum increase for adult award classifications of \$40 per week. In effect, this means:

- award wage rates above \$869.60 per week will increase by 4.6 per cent per week; and
- award wage rates below \$869.60 per week will increase by \$40 per week.

eg. Amy is a full time employee working under the *Social, Community, Home Care and Disability Services Industry Award 2010* (Cth) [MA000100]. Amy is classified as a social and community services employee, level 1, pay point 1.

Amy's weekly minimum wage before 1 July 2022 is \$840.10.

As this weekly wage is below \$869.60, she will receive a \$40 increase in her weekly wage from 1 July 2022.

Timing of the Increases

The wage increases will take effect for employers from the first full pay period on or after **1 July 2022**, except for employers in the aviation, tourism and hospitality industries with applicable modern awards (see list below).

For employers and employees covered by modern awards relating to the aviation, tourism and hospitality industries, the modern award wage increases will take effect from **1 October 2022**.

The following modern awards will have a 1 October 2022 operation commencement date:

- *Air Pilots Award 2020* (Cth) [MA000046];
- *Aircraft Cabin Crew Award 2020* (Cth) [MA000047];
- *Airline Operations – Ground Staff Award 2020* (Cth) [MA000048];
- *Airport Employees Award 2020* (Cth) [MA000049];
- *Alpine Resorts Award 2020* (Cth) [MA000092];
- *Hospitality Industry (General) Award 2020* (Cth) [MA000009];
- *Marine Tourism and Charter Vessels Award 2020* (Cth) [MA000093];
- *Registered and Licensed Clubs Award 2020* (Cth) [MA000058]; and
- *Restaurant Industry Award 2020* (Cth) [MA000119].

Disclaimer

The information contained in this update is intended as a guide only. Professional advice should be sought before applying any of the information to circumstances. While every reasonable care has been taken in the preparation of this update, Law Ensure (ACN 168 990 261) does not accept liability for any errors it may contain.

Changes to Superannuation

Increases

The legislated minimum superannuation amount (**Super Guarantee**) will increase from 10% to 10.5% per annum on 1 July 2022. The Super Guarantee rate will continue to increase by 0.5% each financial year until it reaches 12% on 1 July 2025.

Eligibility

From 1 July 2022, employees can be eligible for the Super Guarantee, regardless of how much they earn. This is because the \$450 per month eligibility threshold for the application of the Super Guarantee has been removed.

Employers only need to pay super for workers aged under 18 when they work more than 30 hours in a week.

Note: Employers should be aware that in circumstances where employees do not choose a fund under the legislation, employers are obligated to pay the Super Guarantee contributions into the employee's stapled super account.

Takeaways for employers

The increases to minimum wages will take effect for employers from the first full pay period on or after the operative dates set out above. The increases will also have a flow-on effect to all loadings, penalties, allowances and overtime payments under the awards that are calculated with reference to the minimum wage. Employers will soon be able to review these increase on the FWC's Pay and Conditions Tool [website](#).

Employers should review their current pay arrangements to ensure that:

- **award/agreement-free employees:** any employee not covered by a modern award or enterprise agreement will, from the first full pay period on or after 1 July 2022, be entitled to a minimum weekly wage for 38 hours of work equal to \$812.60, or \$21.38 an hour (plus the 25 per cent casual loading in respect of casual employees).
- **modern award covered employees:** from the first full pay period on or after the relevant operative date, employees covered by a modern award must not be paid less

than the new modern award wage in respect of the employee's classification under the modern award. This also includes casual loading and other loadings, penalties, allowances or overtime, which are calculated by reference to the modern award minimum rates of pay.

- **all-inclusive salary employees:** review salary packages of employees who receive "all-inclusive salaries". The increase may affect the lawfulness of that all-inclusive salary if it is no longer adequate to compensate them for their award entitlements ie to achieve a positive BOOT. Employers also need to be prepared for the increase in the Super Guarantee rate to 10.5% on and from 1 July 2022.
- **enterprise agreement covered employees:** from the first full pay period on or after the relevant operative date, for any employees to whom an enterprise agreement applies, that they are paid base rates of pay under the enterprise agreement that are:
 - for employees not covered by a modern award – not less than the national minimum wage;
 - in the case of an employee covered by a modern award – not less than the wage specified in respect of an employee's classification under a modern award; and
 - employers who intend to guarantee pay above the high-income threshold for certain employees should review whether the annual rate of earnings paid to the relevant employees exceeds the high-income threshold. Employers should note that the high-income threshold will increase on 1 July 2022.

If you require any further information or assistance in relation to the Wage Review and salaried arrangements/BOOT calculations, contact us today to see how we can assist!