

STATEMENT

Fair Work Act 2009

s.160—Variation of a modern award to remove ambiguity or uncertainty or correct error

Variation on the Commission's own motion – method of adjusting wagerelated allowances

(AM2023/3)

ACTING PRESIDENT HATCHER VICE PRESIDENT CATANZARITI COMMISSIONER SPENCER

MELBOURNE, 13 FEBRUARY 2023

Section 160 of the Fair Work Act 2009 (Cth) – proposed variation on Commission's own motion to remove error or uncertainty – Australian Capital Territory Public Sector Enterprise Award 2016 – State reference public sector and enterprise awards – provisional views – method of adjusting wage-related allowances.

- [1] On 14 October 2022, the Commission issued a statement¹ setting out a draft timetable for the Annual Wage Review 2022-23 (October Statement) which foreshadowed the issuing of a further statement to deal with issues concerning an allowance in the *Australian Capital Territory Public Sector Enterprise Award 2016* (ACTPSE Award)² in addition to certain other wage-related allowances in some modern enterprise and State reference public sector awards.³ The issues to which the October Statement referred concerned an error or uncertainty in the method of adjusting the various wage-related allowances.
- [2] Since the issuing of the October Statement, a further potential error has been identified in the standard approach to describing the adjustment of wage-related allowances across modern awards more broadly. As the issues identified concern an ambiguity, error or uncertainty in modern awards, this matter has been commenced on the Commission's own initiative to deal with each issue pursuant to s 160 of the *Fair Work Act 2009* (Cth) (FW Act).
- [3] This statement will first outline the requirements of modern awards in relation to the adjustment of wage-related allowances, then set out each of the issues, along with proposals to address them, in turn.

Method of adjusting wage-related allowances

[4] The requirement for a standardised method of adjustment of wage-related allowances in modern awards was initially outlined in the award modernisation request made on 16 June 2008 by the then Minister for Employment and Workplace Relations, which stated:

- "27. The Commission is to ensure that all modern awards include an appropriate method or formula for automatically adjusting relevant allowances when minimum wage rates are adjusted."
- [5] In response, the former Australian Industrial Relations Commission established a standard clause to deal with the adjustment of allowances. In a Decision of 19 December 2008, concerning the making of priority modern awards, the Full Bench stated:
 - "[74] The consolidated request requires the Commission to include an appropriate method or formula for automatically adjusting relevant allowances when minimum wages are adjusted. The exposure drafts included provisions which expressed allowances as a percentage of a standard rate. This would ensure that where the standard rate was altered allowances were adjusted accordingly. The draft provision applied to all allowances, including those that are expense-related. . .

. . .

- [76] The method of adjusting wage-related allowances will be the one in the exposure drafts based on the concept of a fixed percentage of a standard rate. This method renders updating of wage-related allowances unnecessary."⁵
- [6] Section 149 of the FW Act provides for the automatic variation of allowances to coincide with a variation in modern award wages as follows:

149 Automatic variation of allowances

If a modern award includes allowances that the FWC considers are of a kind that should be varied when wage rates in the award are varied, the award must include terms providing for the automatic variation of those allowances when wage rates in the award are varied.

Allowance in the ACTPSE Award

[7] The following allowance in the ACTPSE Award has been identified as containing an error:

F.1.2 Overtime allowance

In place of the provision at subclause 16.7—Payment for overtime, a Correctional Officer grade 4 will be paid an allowance at the rate of 5,492 per annum in lieu of payment for overtime duty; such allowance to be adjusted in accordance with increases to wages based on a percentage of the standard rate as specified.

[8] This allowance has not been adjusted since the award commenced operation on 6 June 2016. The standard rate is defined in Schedule E of the award as follows:

standard rate means the minimum hourly pay rate for a General Service Officer level 5 in Table 3 of Schedule A

- [9] An error arises in the overtime allowance of the ACTPSE Award specified in clause F.1.2 in that it does not expressly provide for an automatic variation of the allowance because it does not provide that the allowance is a specified percentage of the standard rate. A further error arises because this has meant that there has been no adjustment to the allowance in consequence of the Annual Wage Review (AWR) in previous years. An ambiguity or uncertainty also arises as to how the allowance is to be adjusted where a flat dollar increase is applied to the standard rate in an AWR rather than a percentage increase although, on one view, clause F.1.2 might be read as requiring any such increase to be converted to a percentage of the standard rate and then applied to the allowance.
- [10] If the allowance had been adjusted in accordance with increases to minimum wages based on the percentage movements in the standard rate for each AWR since the award commenced, the allowance would have increased to \$6,756.15 in the Annual Wage Review—2021–22.6
- [11] It is our *provisional view* that, in order to remove the error, ambiguity and uncertainty regarding the adjustment of the allowance in future years, a fixed percentage of 26683.06% of the standard rate should be inserted into in the award by amending clause F.1.2 to provide as follows:

F.1.2 Overtime allowance

In place of the provision at subclause 16.7—Payment for overtime, a Correctional Officer grade 4 will be paid an allowance at the rate of \$6756.15 per annum in lieu of payment for overtime duty. The amount of this allowance is 26683.06% of the standard rate and will automatically adjust to reflect this percentage when the standard rate is varied.

Other wage-related allowances in enterprise and State reference public sector awards

- [12] A similar issue has been identified in relation to a number of other wage-related allowances contained in the ACTPSE Award. In these other cases, although the allowances have been adjusted by the same percentage increase applied to minimum wages at each AWR, the awards do not provide that the allowances are a specified percentage of the standard rate. As such, a potential error, ambiguity or uncertainty arises when award minimum wages are to be adjusted by a flat dollar amount and not a percentage.
- [13] The same issue has been identified in the following enterprise and State reference public sector awards:
 - Aboriginal Legal Rights Movement Award 2016;
 - Australian Broadcasting Corporation Enterprise Award 2016;
 - Airservices Australia Enterprise Award 2016;
 - Health Professionals, Medical Scientists and Support Services (Victoria) State Reference Public Sector Award 2018;

- Nurses and Midwives (Victoria) State Reference Public Sector Award 2015;
- Reserve Bank of Australia Award 2016; and
- Metropolitan Newspapers (South Australia and Tasmania) Printing Award 2015.
- [14] Each of the awards identified above do not provide fixed percentages of the standard rate as the method for the automatic adjustment of wage-related allowances. The application of a flat dollar increase to wage rates is therefore attended by uncertainty and potential error.
- [15] Attachment A identifies the wage-related allowances at issue in both the ACTPSE Award and other enterprise and State reference public sector awards and sets out proposed amendments to remove the error or uncertainty. Each of the proposals inserts a fixed percentage to ensure an automatic adjustment of each allowance occurs when award minimum wages are adjusted. It is our *provisional view* that each of the awards identified should be varied in accordance with the proposals set out in Attachment A.

Standard wording providing how wage-related allowances are adjusted

- [16] A broader concern has been identified in relation to the wording of a standard provision in modern awards which provides how wage-related allowances are adjusted. Most modern awards take a standard approach to wage-related allowances which can be summarised as follows:
 - Wage-related allowances are specified as dollar amounts in the body of the award which are updated in each AWR.
 - In a schedule of wage-related allowances these dollar amounts are said to be "based on the standard rate" and are specified as a percentage of the standard rate which is updated in each AWR.
 - The schedule of wage-related allowances contains a standard provision which describes the adjustment of the allowance as follows:

Adjustment of wage-related allowances

Wage-related allowances are adjusted in accordance with increases to wages and are based on a percentage of the standard rate as specified.

[17] The description of wage-related allowances as "based on a percentage of the standard rate" may be said to be in error or give rise to ambiguity or uncertainty by obscuring the intention of the AIRC Full Bench and s 149 of the Act requiring modern awards to provide for the "automatic variation" of wage-related allowances whenever wage rates are varied. The standard approach to wage-related allowances can be understood as including the dollar amount of an allowance in the award as a matter of convenience to the reader, while the actual adjustment of the amount of the allowance (being a given percentage of the standard rate) occurs automatically when the standard rate is updated in accordance with an AWR.

[18] Commission staff have identified awards which contain the standard wording, or very similar wording, as to the method of adjusting wage-related allowances as is set out above. It is our *provisional view* that each of these awards be varied as follows in order to remedy the concern raised:

Automatic adjustment of wage-related allowances

The amount of each wage-related allowance is the percentage of the standard rate specified for the allowance and will automatically adjust to reflect this percentage when the standard rate is varied.

[19] Other awards have been identified as containing wage-related allowances but no provision setting out how they are to be adjusted. It is our *provisional view* that the revised standard wording set out above be inserted into each of these awards.⁷

Next steps

- [20] As stated, this matter has been created on the Commission's own initiative under s 160(2)(a) of the Act. A new award variation webpage will be created to publish all documents related to this matter.
- [21] A schedule of draft determinations to give effect to the provisional views expressed at paragraphs [11], [15], [18] and [19] will be published alongside this statement. Interested parties are invited to file submissions in response to the draft determinations by **4:00 pm (AEDT) on Tuesday, 28 February 2023**.



ACTING PRESIDENT

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Attachment A—Proposed variation to wage-related allowances where the method of adjustment may be ambiguous

Award title	Award ID	Propos	ed variation			
ABORIGINAL LEGAL RIGHTS MOVEMENT AWARD 2016	MA000139		First aid allowance bloyee who has been trained to render first aid and who is the current holder of an			
AWARD 2010		_	riate first aid qualification will be paid an allowance, as follows:			
		(a) Certificate: HLTAID003 Provide First Aid is held —\$8.99 per week. This allowable 1.002% of the standard rate and will automatically adjust to reflect the specified when the standard rate is varied. (b) Certificate: HLTAID003 Provide First Aid in remote situations is held. \$11.3				
			Certificate: HLTAID003 Provide First Aid in remote situations is held—\$11.31 per week. This allowance is 1.26% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied.			
			Certificate: HLTSS00027 Occupational First Aid Skill Set is held—\$13.78 per week. This allowance is 1.536% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied.			
Aboriginal Legal Rights Movement Award 2016	MA000139	16.8	Field Officer administration loading			
Wiovement / Ward 2010			Where a Field Officer in a regional office occupies a position having responsibilities for the direction and supervision of other staff as well as the administration of a regional office including limited financial delegations and other administrative functions an allowance of \$3097 per annum is payable on a pro rata basis. This allowance is 345.10% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied.			

Award title	Award ID	Prop	osed variation						
Aboriginal Legal Rights Movement Award 2016	<u>MA000139</u>	19.4 (e)	· · ·						
Australian Broadcasting Corporation Enterprise Award 2016	MA000147	3. To be 3.1	Definitions and in inserted in alphabe. In this award, un Term Standard rate	•	Application Actors stream				
Australian Broadcasting Corporation Enterprise Award 2016	MA000147	63.2							

Award title	Award ID	Proposed variation	Proposed variation							
Australian Broadcasting Corporation Enterprise Award 2016	MA000147	required to (a) a fe star the (b) the (c) For the her	y that he or she is urs. This fee is 5.2 he specified percentage to the calculated from the transport terminate leaves from his or leaves from his or leaves.	24% of the ntage when m the time al in his or						
Airservices Australia Enterprise Award 2016	MA000141	Inserting a row at the end of the table appearing in clause C.1 as follows: Allowance Clause Payable Description % of the standard rate								
		Restriction duty	17.9(b)	hourly	Available to perform extra duty outside ordinary hours	0.321	3.28			

Award title	Award ID	Proposed variation										
Australian Capital Territory Public Sector Enterprise Award 2016	MA000146		Renumbering the current B.1.3 as B.1.4 and inserting a new clause B.1.3 B.1.3 Table 3—Other Wage Related Allowances									
			Allowance	Clause	Rate of allowance	% of standard rate	Frequency					
			First aid—basic level	12.17	13.47	53.2	Per week					
			First aid—advanced level	12.17	16.77	66.23	Per week					
			First aid—Occupational or Specialist Level	12.17	20.30	80.17	Per week					
			Community language— CLA Rate 1	12.18(a)	23.05	91.03	Per week					
			Community language— CLA Rate 2	12.18(a)	46.12	182.15	Per week					
			Pest inspection certificate	12.19	5.25	20.73	Per week					
			Electrical trades employee – licence allowance	12.20	28.81	113.80	Per week					
			Plumber's licence allowance	12.21	37.78	149.20	Per week					
			Construction Industry Allowance	12.24(a)	36.16	142.80	Per week					
			Plumbing tradespeople – disability allowance	12.25(a)	27.16	107.27	Per week					
			Compute quantities	12.27	5.93	23.42	Per day					

Award title	Award ID	Propo	sed variation						
			Plant operator - sideling allowance	12.28	0.43	1.7	Per hour		
			Senior plant operator	12.29	19.37	76.5	Per week		
			Plant operator - Kerrick cleaner	12.30	3.23	12.76	Per day		
			Diamond driller	12.31	6.06	23.93	Per week		
			Pest Control Unit	12.32	13.32	52.6	Per week		
			Gardener in charge	12.33	8.71	34.4	Per week		
			On-call—per night	16.11.3	13.01	51.40	Per night		
			On-call—when on call for day and a night	16.11.3	32.70	129.15	Per occasion		
			Close call—per night	16.11.4	26.02	102.76	Per night		
			Close call— when on close call for day and a night	16.11.4	65.43	258.40	Per occasion		
Australian Capital Territory Public Sector Enterprise Award 2016	MA000146	F.1.2	In place of the provision at subclause 16.7—Payment for overtime, a Correctional Officer grade 4 will be paid an allowance at the rate of 5,492 \$6756.15 per annum in lieu of payment for overtime duty; such allowance to be adjusted in accordance with increases to wages based on a percentage of the standard rate as specified. This allowance is 26683.04% of the standard rate-and will automatically adjust to reflect the specified percentage when the standard rate is varied.						
Australian Capital Territory Public Sector Enterprise Award 2016	<u>MA000146</u>	F.4.2							

Award title	Award ID	Proposed variation					
			education class, shall be is paid an allowance of \$1112.08 per annum.; such an allowance to adjusted in accordance with increases to wages based on a percentage of the standard rate as specified. This allowance is 4392.10% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied.				
Health Professionals, Medical	MA000157	12.2	Minimum weekly wages for HASA Employees (Schedule A)				
Scientists and Support Services (Victoria) State			(a) Food Services, General Services & Technical, Clinical and Personal Care				
Reference Public Sector Award 2018			(i) For the purpose of determining the ordinary time rate of pay for employees classified in clause 12.2(a), the following amounts shall be added to the prescribed rates:				
			• After one year's experience: \$5.77—this allowance is 0.612% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied.				
			• After two years' experience: \$11.92—this allowance is 1.265% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied.				
			(ii) For the purpose of determining the ordinary time rate of pay for employees classified in this clause and who have successfully completed an apprenticeship in any state or territory of Australia or have been issued with a Tradespersons Certificate under the <i>Industrial Training Act 1975</i> (Vic), the following amounts shall be added to the prescribed rates:				
			• After one year's experience: \$8.37—this allowane is 0.888% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied.				

Award title	Award ID	Proposed variation
		 After two years' experience: \$15.17—this allowance is 1.61% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied.
		(b) Dental Technicians
		(i) Experience payment
		All dental technicians shall be are entitled to experience pay of as follows:
		 \$9.73 per week during the second year of experience as a dental technician—this allowance is 1.033% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied; and \$23.33 per week during the third and subsequent years of experience as a licensed dental technician—this allowance is 2.476% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied.
Health Professionals, Medical	MA000157	12.2 Minimum weekly wages for HASA Employees (Schedule A)
Scientists and Support Services (Victoria) State Reference Public Sector Award 2018		(d) Dental Nurses (i) Experience payments
		• With the exception of employees classified as dental nurse level I and dental nurse level II, all dental nurses shall be entitled to experience pay of \$5.94 per week during the second year of experience as a dental nurse—this allowance is 0.63% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied; and

Award title	Award ID	• \$12.32 per week during the third and subsequent years of experience as a dental nurse—this allowance is 1.308% of the standard rate and will automatically adjust to reflect the specified percentage when the standard rate is varied.						
Health Professionals, Medical Scientists and Support Services (Victoria) State	MA000157	13.8 (b)	Qualified interpreters Interpreter/Translator	•	•	evel 2)		
Reference Public Sector			•	Per week \$	% of standard rate			
Award 2018			In their second year	8.84	0.938	-		
			In their third year	30.69	3.257			
			In their fourth year	52.90	5.615			
		(c)	Interpreter/Translator Grade 2 (NAATI Accreditation Level 3)					
			•	Per week \$	% of standard rate			
			In their first year	86.90	9.223			
			In their second year	110.84	11.764			
			In their third year	135.02	14.33			
			In their fourth year	160.24	17.007			
Metropolitan Newspapers (South Australia and Tasmania) Printing Award 2015	MA000130	21.7 (c)	A motor driver subject to the provisions of clause 21.7(b) shall-will be reimbursed by their					
2013		employer the reasonable cost of hotel accommodation and meals, unless the employ arranges and meets the cost-of suchthese expenses, and shall-will be paid in addition other payments due to them under this award an amount of \$1.26 for each stop made rest as prescribed by clause 21.7(b). This allowance is 0.134% of the standard rate a automatically adjust to reflect the specified percentage when the standard rate is variable.						

Nurses and Midwives	MA000125	14.8	Qual	ified i	nterpreters (EN only)		
(Victoria) State Reference Public Sector Award 2015			(a)	awa Nati	rd, any person employed as	an interpreter (qualit ty for Translators an	ry and allowance clauses of this fied) and who is accredited by the d Interpreters (NAATI) shallwill
				(i)	Interpreter/Translator Gra	de 1 (NAATI Accre	ditation Level 2)
						\$ per week	% of standard rate
					In their second year	10.44	1.09
					In their third year	36.42	3.802
					In their fourth year	66.76	6.969
				(ii)	Interpreter/Translator Gra	nde 2 (NAATI Accre	editation Level 3)
						\$ per week	% of standard rate
					In their first year	101.56	10.602
					In their second year	131.33	13.71
					In their third year	159.91	16.694
					In their fourth year	188.35	19.663
			•	(b)	Occasional interpretin	g	
					employee not employed preting duties shallwill rece		er who is required to perform
					•		4% of the standard rate and will ercentage when the standard rate
				•		tomatically adjust to	this allowance is 1.305% of the preflect the specified percentage

Award title	Award ID	Proposed	variation							
			(c) The amounts in 14.8(a) and (b) will be adjusted in accordance with the percentage movements in the weekly wage rates in Schedule A.							
Reserve Bank of Australia Award 2016	<u>MA000140</u>	 2 Definitions standard rate means the minimum rate paid per annum for a level 2 employee in clause 13 14.3 On-call allowance (a) An Employee who has been instructed prior to ceasing duty that attendance for extra duty may be required some time before the Employee's next ordinary time of commencing duty, is deemed to be on-call and is entitled to receive an allowance as follows: 								
				\$ per day (or part thereof)	% of standard rate					
			On normal working day	21.41	0.04301					
			On Saturdays, Sundays and Public Holidays	43.20	0.08679					
		(b)	The rates of payment are adjusted in line with paward.	percentage salary mo	vements in this					

¹ [2022] FWC 2756

² MA000146

³ [2022] FWC 2756 at [4]

⁴ Consolidated Minister's request, 9 November 2009

⁵ [2008] AIRCFB 1000 at [74]-[76]

[2023] FWCFB 30

⁶ Percentage increase applied in 2015-26: 2.4%, 2016–17: 3.3%, 2017–18: 3.5%, 2018–19: 3%, 2019–20: 1.75%, 2020–21: 2.5% and in 2021-22: 4.6%.

⁷ Except for the Aged Care Award 2010, Children's Services Award 2010 and Social, Community, Home Care and Disability Services Industry Award 2010. Instead, the revised standard wording will be inserted in the Allowances Sheets.