

Annualised Salary Factsheet

As of the first full pay period commencing on or after 1 March 2020, the Pastoral Award 2020 has been varied to enable employers and employees to agree in writing for the employee to be paid an annualised wage or a salary instead of being paid an hourly rate.

This is similar to the IFA and may be useful for farmers provided they keep excellent time records.

The annualised wage can take into account any or all of the following:

- Minimum wages
- Hours of work and rostering
- Allowances and special allowances
- Overtime rates
- Penalty rates
- Annual leave loading
- Payment for public holidays

The written agreement

The written agreement must specify the following:

- The annualised wage that is payable
- Which provisions of the Award are included in the annualised salary
- The method of calculating the annualised salary specifying each separate component of the annualised wage and any overtime or penalty assumptions used in the calculation.
- The outer limit of the ordinary hours which attract penalty rates in a pay period or roster cycle
- The outer limit of the overtime hours which will be worked in a pay period or roster cycle without being entitled to an extra payment (see below)

If in any pay period or roster cycle the employee works in excess of the hours specified in the agreement, the employee must be paid for these hours in addition to the annualised salary. Time off instead of overtime may be used provided the employer and the employee enter into the formal agreement required in clause 35.6 of the Pastoral Award 2020.

Thus, keeping accurate time records is essential.

A copy of the agreement must be given to the employee and the employer must keep a copy as a time and wages record.

Termination of the Agreement

An agreement for an annualised salary can be terminated by either party by giving 12 months' notice or at any time by agreement between the employer and the employee. (note that this refers to the agreement only and the employee would remain employed but would fall back to coverage by the award)

No disadvantage

The annualised salary must be no less than the amount the employee would have received under the award for the work performed over the year of the Agreement – or less if the employment is terminated before a year.

This is similar to the BOOT test for an IFA.

The flat rate calculator can be used to calculate the salary to ensure that the employee is not disadvantaged.

Every 12 months or on termination of the employment the employer must do a tally of the hours worked and the amounts paid to ensure that there is no shortfall. If there is a shortfall the employer must pay this to the employee within 14 days.

Record keeping

Records must be kept of the following:

- Starting and finishing times
- Any unpaid breaks taken

These records must be signed by the employee each pay period or roster cycle.

Base rate of pay

The pay rate which is used to calculate entitlements under the NES such as annual leave and personal/carer's leave is the base rate of pay NOT the loaded rate (which includes loadings, allowances, penalty rates and overtime). In most cases this will be the award base rate contained in clause 32 of the Pastoral Award 2020. (clause 17.3 Pastoral Award 2020)

Visit https://thepeopleindairy.org.au/eski/annualised_salary to access the flat rate calculator and the Annualised Salary template contract