



FACT SHEET

HIGA Annualised Salary Arrangements

Updated: November 2021
Replaces: February 2021

The *Hospitality Industry (General) Award 2020* (“HIGA”) provides for two distinct types of annualised salaried arrangements. As each arrangement is different from the other, and they apply to different classifications of employees, it is important to know each of them and understand their application.

The two annualisation arrangements apply to:

1. Managerial employees (clauses 18.2 and 25)
2. Non-managerial employees (clause 24).

NOTE: the salaries referred to in this Fact Sheet are effective from the first full pay period on or after 1 November 2021.

CORRECTLY CLASSIFYING EACH EMPLOYEE

A critical aspect of the HIGA annualised salary arrangements is correctly classifying each individual employee. This is important as the HIGA provides for two distinct types of annualised salary arrangements. It is therefore essential for an employer to correctly classify an employee in accordance with Schedule A-Classification Definitions to ensure the correct arrangement is used.

This means that each individual employee’s position must be correctly classified and the work allocated to that employee must be consistent with that classification as defined in the HIGA. Employers are also reminded that by simply calling an employee a “manager” without regard to the actual definition of a manager that is provided for in the HIGA, does not permit, nor allow, the employer the ability to utilise the managerial salary arrangements. Therefore, despite being called a “manager”, any salary arrangements in operation for an employee (that does not meet the full definition of a manager in the HIGA) can only be in accordance with the non-managerial provision at clause 25.

There are two practical documents that, when drafted properly and implemented, can assist employers in confirming and clarifying an employee’s classification:

LETTER OF APPOINTMENT / EMPLOYMENT CONTRACT

Letters of appointment should clearly outline an employee’s classification in accordance with the HIGA, as well as the terms and conditions under which an employee has been employed. It is therefore essential that the content of such letters are accurate and consistent with the type of salary arrangement that may be applicable to each individual employee.

To assist employers the QHA has prepared pro-forma letters of appointment for HIGA based employees. The templates are available from the QHA’s online shop for \$250.00 (inc GST) per Kit for QHA members and \$545.00 (inc GST) for non-members.

POSITION DESCRIPTION

Position descriptions also assist by providing both an employer and an employee with a written clarification of the role that describes the job, its primary functions, its responsibilities and reporting relationships. A position description compliments a letter of appointment by alleviating employee classification ambiguity through clearly defined tasks and responsibilities.

To assist employers the QHA has prepared pro-forma position descriptions for HIGA based employees. The templates are available from the QHA's online shop for \$275.00 (inc GST) per Kit for QHA members and \$475.00 (inc GST) for non-members. The Kit includes all 8 HIGA classification streams.

As identified above, there are two types of annualised salary arrangements under the HIGA, which are further explained and defined on the following pages.

ANNUALISATION OPTION 1 - HIGA MANAGERIAL EMPLOYEE

For an employer to utilise the managerial salary provisions at clause 18.2 or 25 in the HIGA, the individual employee's role must firstly fall within the full definition of a 'manager' as provided for in Schedule A, classification definitions at A.2.9:

"A.2.9 Managerial staff—hotels

*In this classification, **hotel manager** means an employee (however designated) who:*

- under the direction of senior management is required to manage and co-ordinate the activities of a relevant area or areas of the hotel; and*
- directs staff to ensure they carry out their duties in the relevant area or areas of the hotel; and*
- implements policies, procedures and operating systems for the hotel;*

(note: emphasis added)

Note: within the HIGA definition of a manager, reference is also made to exclude an employee who is employed to undertake the duties of senior management, and is responsible for a significant area of the operations of one or more hotels. Indicative position titles for such an employee include:

- Company secretary;*
- Chief accountant;*
- Personnel or human resources manager;*
- Financial controller;*
- Industrial relations manager;*
- Venue manager;*
- General/hotel manager;*
- Executive assistant manager;*
- Regional manager; or*
- a Manager to whom any of those positions report or are responsible".*

For the complete and entire list of exclusions please refer to clause A.2.9 of the HIGA.

The HIGA also provides that an employee appointed as a Manager will have completed an appropriate level of training in business management or have relevant industry experience including the supervision of staff in one or more areas of a hotel.

Where an employee's position falls within the above definition of a manager, there are two available salary options. They are:

- Minimum annual salary at clause 18.2
- Salaries absorption provision at clause 25

Refer: QHA's Classifications under the HIGA Fact Sheet

CLAUSE 18.2

The HIGA provides at clause 18.2:

“An employer must pay an employee within the Managerial Staff (Hotels) classification level as defined by Schedule A—Classification Structure and Definitions a minimum annual salary of \$51,130.”

Where paying in accordance with clause 18.2, all other terms and conditions, including overtime, late work allowances and penalties are payable. The salary stated in this clause is the minimum salary and it does not relieve an employer of any other conditions.

The HIGA also provides at clause 25 the salaries absorption provision for Managerial staff:

“25. Salaries absorption (Managerial Staff (Hotels))

25.1 *Clause 25 applies to all employees within the Managerial Staff (Hotels) classification level as defined by Schedule A—Classification Structure and Definitions who are paid a salary that is at least 125% of the minimum annual salary in clause 18.2—Managerial staff (Hotels).*

25.2 *An employee is not entitled to the benefit of the terms and conditions within the following clauses:*

- (a) Clause 10—Part-time employees;*
- (b) Clause 15—Ordinary hours of work and rostering arrangements*
- (c) Clause 16—Breaks;*
- (d) Clause 26—Allowances;*
- (e) Clause 28—Overtime;*
- (f) Clause 29—Penalty rates;*
- (g) Clause 30.3—Payment for annual leave loading;*
- (h) Clause 35.3—Additional public holiday arrangements for full-time employees;*
- (i) Clause 37—Deductions for provision of employee accommodation and meals.*

25.3 *An employee must be rostered to have a minimum of 8 days off duty during each 4 week cycle of work.*

25.4 *An employee who is required to work on a public holiday is entitled to paid time off of equal length to the time worked on the public holiday.*

25.5 *The paid time off mentioned in clause 25.4 must be taken within 28 days after the entitlement is accrued.*

25.6 *Despite the requirement to take time off within 28 days of accruing it in clause 25.5 an employee and an employer may agree to extend the period for taking the accrued time off to within 6 months of its accrual subject to the following:*

- (a) The agreement is recorded in writing and retained as an employee record;*
- (b) The accrued time off is taken at a time or times within the period of 6 months agreed by the employee and the employer;*
- (c) If the accrued time off is not taken within the period of 6 months, the employer must pay the employee for the accrued time off in the next pay period following those 6 months; and*
- (d) If, on the termination of the employee’s employment, accrued time off for working on a public holiday has not been taken, the employer must pay the employee for the accrued time off.*

25.7 Any calculation required to be made under this award to determine hourly amounts payable to an employee must be made by reference to the weekly equivalent of the annual salary of the employee. The weekly equivalent is determined by dividing the annual salary by 52 and rounding the result to the nearest **\$0.10**.

25.8 Subject to compliance with any reimbursement policy approved by the employer, the employer must reimburse an employee for any money reasonably spent by the employee for and on behalf of the employer.”

Payment in accordance with clause 25.1 relieves the employer of the conditions listed in the clause.

Employers must still be aware that an employee has the ability to refuse to work unreasonable additional hours, and are reminded this clause does not mean Managers can be rostered to work unreasonable hours having regard to workplace health and safety obligations. Payment in accordance with this clause does provide flexibility with working arrangements and essentially is a practical buy-out clause given Managers are often required to work the hours necessary to meet the requirements of their employer and position.

Salary Value – Clause 25.1:

As at 1 November 2021, the annualised salary under clause 25.1 is \$63,912.50 per annum. This salary, together with the base salary in clause 18.2, may increase on 1 July annually.

Hourly Rate – Clause 18.2:

Please note that Schedule B, at B.5, details the hourly rates payable to part time and casual employees under clause 18.2. These rates are not the hourly rates payable as a proportion of the annualised rate as per clause 25.1.

ANNUALISATION OPTION 2 - HIGA NON-MANAGERIAL EMPLOYEE

The HIGA provides at clause 24 for the annualised salary arrangements for non-managerial employees, as copied below:

24.1 Clause 24 applies to all employees other than casual employees and employees within the Managerial Staff (Hotels) classification level as defined by Schedule A—Classification Structure and Definitions.

24.2 An individual employee may agree with their employer to be paid an annualised salary. An agreement must be one that is genuinely made without coercion or duress.

24.3 An agreement must take account of the pattern of work in the part of the hospitality industry in which the employee works.

24.4 An annualised salary must be at least **125%** of the minimum weekly rate that would otherwise be applicable under **Table 3—Minimum rates** over the year.

24.5 Unless the employer and the employee otherwise agree, an annualised salary satisfies the requirements of this award under clause 28—Overtime and clause 29—Penalty rates. However, by agreement between the employer and the employee, an annualised salary may satisfy this award in relation to other monetary entitlements provided for by this award.

24.6 An annualised salary must not result in an employee being paid less over a year (or, if the employee’s employment is terminated before a year is completed, over the period of that employment) than would have been the case if an annualised salary had not been agreed and the employee had instead been paid their weekly rate and any other amounts satisfied by the annualised salary.

24.7 An employee who has entered into an agreement under clause 24.2 must be rostered to have a minimum of 8 days off duty during each 4 week cycle of work.

24.8 An employee who has entered into an agreement under clause 24.2 and who is required to work on a public holiday is entitled to paid time off of equal length to the time worked on the public holiday.

24.9 The paid time off mentioned in clause 24.8 may be taken on another day agreed between the employee and the employer or added to the employee's annual leave entitlement.

24.10 The employer must keep a record of hours worked each day by an employee who has entered into an agreement under clause 24.2 showing the date and the times at which the employee started and finished work that day.

24.11 A record mentioned in clause 24.10 must be countersigned weekly by the employee and kept at the place of employment for 7 years.

24.12 If an annualised salary paid to an employee has the result mentioned in clause 24.6 at the end of a year or period of employment, the employer must pay the employee the difference.

This clause does not represent a buy-out of many conditions and employers must have regard to the following administrative requirements:

1. ENSURE SALARY IS SUFFICIENT

Employers need to be mindful of and comply with the administrative requirement under clause 24.6, which provides that an employer has an obligation to ensure that an employee receives a salary that is sufficient to cover what the employee would have been entitled to should all award overtime and penalty rate payment obligations had been complied with. For example, if an employee is required to work every Saturday, Sunday, public holiday and a reasonable amount of overtime, then 25% above the award rate (as outlined in clause 24.4) may not be sufficient to cover the above mentioned requirement of clause 24.6. Therefore an employer must carefully consider and continually review the employee's HIGA entitlement to penalty rates and overtime to ensure compliance with clause 24.6.

2. TIMESHEETS

To assist employers to comply with the above requirement, that is, to ensure the employee's salary is sufficient, it is suggested that employers keep accurate timesheets of the appropriate employee's working hours. This may include specifying the hours worked each day, which days of the week and the actual starting and finishing times each day. Obtaining this information will enable employers to annually audit the timesheets to comply with clause 24.6 and ensure the employee's salary is sufficient.

3. OTHER MONETARY ENTITLEMENTS

If the agreement made between the employer and employee (as outlined in clause 24) includes other monetary entitlements within the employee's salary (as outlined in clause 24.5), the employer should consider carefully whether the 25% above the award rate is sufficient to cover what the employee would have been entitled to should all the specified monetary entitlement obligations had been complied with, in addition to the overtime and penalty rate payment obligations discussed above.

Example

For example, an employer and employee may want to agree that in addition to the employee's salary relieving the employer's obligation to pay penalty rates and overtime, the employer will also be relieved of the obligation to pay the first aid allowance.

The employer should consider whether 25% above the award rate is sufficient to cover what the employee would have been paid if they had been entitled to penalty rates, overtime and the first aid allowance. Each situation needs to be assessed on a case-by-case basis.

In some circumstances the 25% above award payment may be sufficient, however in others the employer may need to make an above award payment that is more than 25% in order meet the requirements of clause 24.6 e.g. where the employee is working frequent overtime and/or weekend and public holiday shifts.

Further Assistance

Financial QHA members are encouraged to contact the QHA's Employment Relations Department (refer the contact details at the bottom of this page) for a confidential discussion about the information in this Fact Sheet, or to discuss any queries relating to specific workplace matters.

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