



FACT SHEET

HIGA Annualised Salary Arrangements

Updated: July 2018
Replaces: July 2017

The *Hospitality Industry (General) Award 2010* (“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 20.2 and 27.2(a))
2. Non-managerial employees (clause 27.1).

NOTE: the salaries referred to in this Fact Sheet are effective from the first full pay period on or after 1 July 2018.

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 D-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 27.1.

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 \$200.00 (inc GST) per Kit for QHA members and \$475.00 (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 complements 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 \$250.00 (inc GST) per Kit for QHA members and \$450.00 (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 20.2 or 27.2 in the HIGA, the individual employee's role must firstly fall within the full definition of a 'manager' as provided for in Schedule D classification definitions at D.2.9:

"D.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 manger, 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 D.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 20.2
- Salaries absorption provision at clause 27.2(a)

Refer: QHA's Classifications under the HIGA Fact Sheet

CLAUSE 20.2

The HIGA provides at clause 20.2:

"The minimum annual salary payable to employees within the Managerial Staff (Hotels) classification level within Schedule D, will be \$47,597 per annum".

Where paying in accordance with clause 20.2, 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 27.2(a) the salaries absorption provision for Managerial staff:

"Clause 27.2 Salaries absorption (Managerial Staff (Hotels))

This clause applies to those employees classified as Managerial Staff.

(a) *Managerial Staff who are paid a salary of 25% in excess of the minimum annual salary rate of \$47,597 per annum as in clause 20.2 (in receipt of a salary of at least \$59,496 per annum), will not be entitled to the benefit of the terms and conditions within the following clauses:*

- clause 12—Part-time employees;
- clause 21—Allowances;
- clause 29—Ordinary hours of work;
- clause 31—Breaks;
- clause 32—Penalty rates;
- clause 33—Overtime;
- clause 34.2—Payment for annual leave loading;
- clause 37.1(b)(i)—Additional arrangements for full-time employees (on public holidays);
- clause 39—Provision of employee accommodation and meals.

(b) *An employee being paid according to clause 27.2(a) will be entitled to a minimum of eight days off per four week cycle.*

(c) *An employee being paid according to clause 27.2(a) who works on a public holiday will be entitled to paid time off that is of equal length to the time worked on the public holiday. This time is to be taken within 28 days of accruing it.*

(d) *For the purpose of calculating the weekly equivalent of the annual salary rates prescribed by this clause, the divisor of 52 will be used and the resultant amount will be taken to the nearest 10 cents. All calculations required to be made under this award for the purpose of determining hourly amounts payable to an employee will be calculated on the weekly equivalent of the annual salary.*

(e) *Managerial Staff will be reimbursed for all monies reasonably expended for and on behalf of the employer subject to hotel policy or approval."*

Payment in accordance with clause 27.2(a) 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.

ANNUALISATION OPTION 2 - HIGA NON-MANAGERIAL EMPLOYEE

The HIGA provides at clause 27.1 for the annualised salary arrangements for non-managerial employees, as copied below:

"27.1 Annualised Salary (Employees other than Managerial Staff (Hotels))

This clause applies to employees other than those classified as Managerial Staff (Hotels).

- (a) As an alternative to being paid by the week according to clause 20—Minimum wages, by agreement between the employer and the employee, the employer may pay the employee at a rate equivalent to an annual salary of at least 25% or more above the rate prescribed in clause 20—Minimum wages, times 52 for the work being performed. The employer and the individual employee must genuinely make the agreement without coercion or duress.**
- (b) An agreement provided for in subclause (a) will:**
 - (i) have regard to the pattern of work in the employee's occupation, industry or enterprise but must not disadvantage the employee involved; and**
 - (ii) unless the parties otherwise agree, relieve the employer of the requirements under clauses 32—Penalty rates and 33—Overtime (or other award clauses prescribing monetary entitlements, as specified in the agreement) to pay penalty rates and/or overtime (or other specified award-derived monetary entitlements) that the employer would otherwise be obliged to pay in addition to the weekly award wage for the work performed and the hours worked by the employee, provided that the salary paid over a year will be sufficient to cover what the employee would have been entitled to if all award overtime and penalty rate payment obligations (and other monetary entitlements specified in the agreement) had been complied with.**
- (c) Provided further in the event of termination of employment prior to completion of a year the salary paid during such period of employment will be sufficient to cover what the employee would have been entitled to if all award overtime and penalty rate payment obligations had been complied with.**
- (d) An employee being paid according to this clause will be entitled to a minimum of eight days off per four week cycle. If such an employee is required to work on a public holiday, they are entitled to paid time off that is of equal length to the time worked on the public holiday or the equal length of time work to be added to their annual leave entitlement.**
- (e) Where payment in accordance with this clause is adopted, the employer must keep a daily record of the hours worked by an employee which will show the date and start and finish times of the employee for the day. The record must be countersigned weekly by the employee and must be kept at the place of employment for a period of at least six years".**

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 27.1(b)(ii), 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 27.1(a)) may not be sufficient to cover the above mentioned requirement of clause 27.1(b)(ii). Therefore an employer must carefully consider and continually review the employee's HIGA entitlement to penalty rates and overtime to ensure compliance with clause 27.1(b)(ii).

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 27.1(b)(ii) 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 27.1(a)) includes other monetary entitlements within the employee's salary (as outlined in clause 27.(b)(ii)), 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 27.1(b)(i) 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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