



# Summary of Decision

1 June 2018

## Annual Wage Review 2017-18

C2018/1

[\[2018\] FWCFB 3500](#)

[1] The *Fair Work Act 2009* (the Act) requires the Commission's Expert Panel to conduct and complete a review of the national minimum wage (NMW) and minimum wages in modern awards in each financial year. The decision which the Panel issued today deals with the 2017–18 Annual Wage Review. The number of employees who have their pay set by an award is estimated to be 2.3 million or 22.7 per cent of all employees. The proportion of employees that are paid at the adult NMW rate is estimated to be 1.9 per cent. Further, a significant number of employees are paid at junior or apprentice/trainee rates based on the NMW rate. The Panel's decision will also affect employees paid close to the NMW rate and modern award rates and whose pay is set by a collective agreement which is linked to the outcome of the Review.

[2] The Act also sets out some important procedural fairness requirements for the Review. The Panel must ensure that all persons and bodies (referred to collectively as parties) are given a reasonable opportunity to make and reply to written submissions. In this Review, a number of parties took this opportunity by lodging one or more written submissions and participating in consultations on 15 and 16 May 2018.

[3] The timetable for the Review and all of the submissions, transcript and research reports were published on the Fair Work Commission's (Commission) website to ensure that all parties had a reasonable opportunity to participate. The Panel considered all the material received from parties, the information in the Statistical report and the research published or referenced to in the Research reference list in making its decision.

[4] The Panel is required to conduct each Review within the legislative framework of the Act, particularly the object of the Act in s.3, the modern awards objective and the minimum wages objective. As part of the Review, the Panel considers both the setting of the NMW rate and whether to make any variation determinations in respect of modern award minimum wages. Each of these tasks is undertaken by reference to the particular statutory criteria applicable to each function.

[5] In the context of a Review both the modern awards objective (in s.134) and the minimum wages objective (in s.284) require the Panel to take into account a range of specific considerations, including:

- promoting social inclusion through increased workforce participation;
- relative living standards and the needs of the low paid; and
- various economic considerations.

[6] The statutory tasks in ss 134 and 284 involve an ‘evaluative exercise’ which is informed by the considerations in s.134(1)(a)–(h) and s.284(1)(a)–(e). While these statutory considerations inform the evaluation of what might constitute ‘a fair and relevant minimum safety net of terms and conditions’ and ‘a safety net of fair minimum wages’, they do not necessarily exhaust the matters which the Panel might properly consider to be relevant. The range of such matters ‘must be determined by implication from the subject matter, scope and purpose’ of the Act.<sup>1</sup>

[7] The Act does not attach any particular primacy to the considerations which the Panel is required to take into account.

[8] The task of taking into account such statutory considerations has been described by the Full Court of the Federal Court as an ‘evaluative exercise’.<sup>2</sup>

[9] The Panel’s approach to its statutory function is encapsulated in the following extract from the 2014–15 Review decision:

‘In taking into account available economic and social data, the Panel’s approach is broadly to assess the changes in these data from year to year and determine how they inform the statutory criteria. Put another way, and consistent with ACCI’s submission, if there were no change in the relevant considerations from one year to the next then, all other things being equal, a similar outcome would result.’<sup>3</sup>

[10] Broadly speaking, differently constituted Panels should evaluate the evidence and submissions before them in accordance with a consistent and stable interpretation of the legislative framework. Justice requires consistent decision making unless a difference can be articulated and applied.<sup>4</sup> However, the wide range of data and information before the Panel, and the often complex interaction between the matters we are required to take into account, means that a comparison between Reviews will rarely be straight forward.

[11] In the Decision the Panel rejected a proposition advanced by ACCER that ‘fairness’ in the context of the modern awards objective and the minimum wages objective *excludes* the perspective of employers. The Panel concluded that fairness is central to both the modern awards objective and the minimum wages objective. Section 134(1) refers to a ‘fair ... minimum safety net’ and s.284(1) refers to ‘a safety net of *fair* minimum wages’. The Panel confirmed the view expressed in the 2016–17 Review decision that fairness in this context ‘is to be assessed from the perspective of the employees *and* employers affected by the AWR decision.’

[12] As noted above, the Panel is required to take into account the need to promote ‘social inclusion through increased workforce participation’ (ss 134(1)(c) and 284(1)(b)). Consistent with past Review decisions, the Panel interpreted this to mean increased employment. But, the Panel also accepted that minimum rates of pay impact upon an employee’s capacity to engage in community life and the extent of their social participation.

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<sup>1</sup> *Minister for Aboriginal Affairs and Another v Peko-Wallsend Limited and Others* (1986) 162 CLR 24 at [39]–[40]; *Penalty Rates Review Decision* [2017] FCAFC 161 at [48].

<sup>2</sup> *Penalty Rates Review Decision* [2017] FCAFC 161 at [48]

<sup>3</sup> [2015] FWCFB 3500 at para. 7.

<sup>4</sup> *Gala v Preston* (1991) 172 CLR 243 at para. 12.

[13] In each Review, the Panel must take into account the employment impacts of the NMW and modern award minimum wages and any proposed increases to those rates. Higher minimum wages can also provide incentives to those not in the labour market to seek paid work, which needs to be balanced against potential negative impacts of increases in minimum wages on the supply of jobs for low-paid workers.

[14] The minimum wages objective and the modern awards objective both require the Panel to take into account relative living standards and the needs of the low paid when setting minimum wage rates (ss 134(1)(a) and 284(1)(c)). Those matters are different, but related, concepts.

[15] The relative living standards of employees on the NMW and award-reliant employees are affected by the level of wages that they earn, the hours they work, tax-transfer payments and the circumstances of the households in which they live.<sup>5</sup> The net effect of these factors is summarised in the notion of equivalent household disposable income, a measure which is addressed in Chapter 3 of the Decision.

[16] The assessment of relative living standards requires a comparison of the living standards of workers reliant on the NMW and modern award minimum wages with those of other groups that are deemed to be relevant. The Panel particularly focuses on the comparison between low-paid workers (including NMW and award-reliant workers) and other employed workers, especially non-managerial workers.<sup>6</sup>

[17] The assessment of the needs of the low paid requires an examination of the extent to which low-paid workers are able to purchase the essentials for a ‘decent standard of living’ and to engage in community life, assessed in the context of contemporary norms.<sup>7</sup> In successive Review decisions the Panel has concluded that a threshold of two-thirds of median (adult) full-time ordinary time earnings provides ‘a suitable and operational benchmark for identifying who is low paid’, within the meaning of s.134(1)(a).<sup>8</sup> The risk of poverty is also relevant in addressing the needs of the low paid. In this Decision the Panel accepts, as it has in previous Review decisions, that if the low paid are forced to live in poverty then their needs are not being met.<sup>9</sup>

[18] As mentioned above, the Panel is also required to take into account various economic considerations, such as ‘the performance and competitiveness of the national economy, including productivity, business competitiveness and viability, inflation and employment growth’ (s.284(1)(a)).

[19] There are differences in the expression of the economic considerations that the Panel is required to take into account under the modern awards objective and the minimum wages objective.<sup>10</sup> But the underlying intention of the various economic considerations referred to in

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<sup>5</sup> [2014] FWCFB 3500 at para. 396.

<sup>6</sup> [2016] FWCFB 3500 at para. 371.

<sup>7</sup> Ibid at para. 55.

<sup>8</sup> Ibid at para. 449; [2015] FWCFB 3500 at para. 315; [2014] FWCFB 3500 at para. 310.

<sup>9</sup> [2014] FWCFB 3500 at para 323.

<sup>10</sup> For example, employment growth and inflation are mentioned as separate considerations under the modern awards objective (s.134(1)(h)), but in the minimum wages objective these factors appear to be subsidiary to the performance and competitiveness of the national economy (s.284(1)(a)) and the modern awards objective requires the Panel to take into account ‘the likely impact of any exercise of modern award powers on ... the sustainability, performance and

ss 134 and 284 is that the Panel takes into account the effect of its decisions on national economic prosperity and in so doing gives particular emphasis to the economic indicators specifically mentioned in the relevant statutory provisions.

[20] The modern awards objective and the minimum wages objective both provide that in a Review we must take into account ‘the principle of equal remuneration for work of equal or comparable value’ (s.134(1)(e) and s.284(1)(d)). In the Decision the Panel considered the relevance of this consideration in the context of the Review and concluded (at [35]–[36]):

‘[35] The application of the principle of equal remuneration for work of equal or comparable value is such that it is likely to be of only limited relevance in the context of a Review. Indeed it would only be likely to arise if it was contended that particular modern award minimum wage rates were inconsistent with the principle of equal remuneration for work of equal or comparable value; or if the form of a proposed increase enlivened the principle. We agree with the observations of a number of parties that Review proceedings are of limited utility in addressing any systemic gender undervaluation of work. It seems to us that proceedings under Part 2-7 and applications to vary modern award minimum wages for ‘work value reasons’ pursuant to ss.156(3) and 157(2) provide more appropriate mechanisms for addressing such issues.

[36] But the broader issue of gender pay equity, and in particular the gender pay gap, is relevant to the Review. This is so because it is an element of the requirement to establish a safety net that is *‘fair’*. It may also arise for consideration in respect of s.284(1)(b) (‘promoting social inclusion through workforce participation’), because it may have effects on female participation in the workforce.<sup>11</sup>

[21] The Panel has taken into account all of the relevant considerations in arriving at its decision.

[22] The Panel accepts that its decision-making process should be as transparent as possible and that we should disclose the factors which are most relevant in a particular year, and we have done so in this decision.

[23] At [59] of the Decision the Panel sets out a table which compares the data and Budget forecasts at the time of the 2016–17 Review with those before the Panel in the current Review (see below).

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competitiveness of the national economy’ (s.134(1)(h)), whereas the ‘sustainability’ of the national economy is not mentioned in the minimum wages objective: [\[2015\] FWCFB 3500](#) at para. 88.

<sup>11</sup> [\[2017\] FWCFB 3500](#) at para. 643.

**Table 1: Budget forecasts and actual outcomes for selected economic indicators, per cent**

Indicator	Information at time of 2016–17 Review			Information at time of 2017–18 Review		
	Most recent data at Decision (6 June 2017)	Budget forecast for 2016–17 (Year to Jun qtr)	Budget forecast for 2017–18 (Year to Jun qtr)	Most recent data	Budget forecast for 2017–18 (Year to Jun qtr)	Budget forecast for 2018–19 (Year to Jun qtr)
Gross domestic product <sup>(a)</sup>	2.4* (Dec qtr 2016)	1¾	2¾	2.4* (Dec qtr 2017)	2¾	3
Consumer Price Index <sup>(b)</sup>	2.1^ (Mar qtr 2017)	2	2	1.9^ (Mar qtr 2018)	2	2¼
Wage Price Index <sup>(c)</sup>	1.9^ (Mar qtr 2017)	2	2½	2.1^ (Mar qtr 2018)	2¼	2¾
Unemployment rate <sup>(d)</sup>	5.8# (April 2017)	5¾	5¾	5.5# (April 2018)	5½	5¼
Employment growth <sup>(c)</sup>	1.3# (April 2017)	1	1½	2.9# (April 2018)	2¾	1½
Participation rate <sup>(d)</sup>	64.8# (April 2017)	64½	64½	65.7# (April 2018)	65½	65½

Note: Forecasts are (a) through-the-year growth rate to the June quarter, original series; (b) through-the-year growth rate to the June quarter; (c) seasonally adjusted, through-the-year growth rate to the June quarter; (d) seasonally adjusted rate for the June quarter. \*Seasonally adjusted, year to December quarter 2016/2017, #Trend, April 2017/2018, ^Seasonally adjusted, Year to March quarter 2017/2018.

Source: Australian Government, *Budget Paper No. 1: Budget Strategy and Outlook 2017–18*, Canberra, p. 2-6; Australian Government, *Budget Paper No. 1: Budget Strategy and Outlook 2018–19*, Canberra, p. 2-6; ABS, Australian National Accounts: National Income, Expenditure and Product, Dec 2017, Catalogue No. 5206.0; ABS, Consumer Price Index, Australia, Mar 2018, Catalogue No. 6401.0; ABS, Wage Price Index, Australia, Mar 18, Catalogue No. 6345.0; ABS, Labour Force, Australia, Apr 2018, Catalogue No. 6202.0; ABS, Labour Force, Australia, Apr 2017, Catalogue No. 6202.0; [2017] FWCFB 3500.

[24] Some of the *key changes* to the economy evident in this Review include:

- Full-time employment grew by 3.1 per cent, significantly greater than the 1.0 per cent growth over the previous year.
- Hours worked increased by 3.3 per cent over the year to April 2018 compared with 1.8 per cent a year earlier.
- The age adjusted participation rate is at a record high, at 66.7 per cent in April 2018, and 0.8 percentage points higher than one year before.
- At 77.2 per cent, the employment to population ratio for persons aged 20-64 years, reached a historic high in December 2017.
- Strong contributions to gross domestic product (GDP) growth from non-mining business investment and household consumption.
- Business conditions are generally robust.

[25] The Panel concluded that (at [60]):

‘Compared to the position at the time of the 2016–17 Review, the economic indicators now point more unequivocally to a healthy national economy and labour market. The recent data has shown strong growth in full-time employment together with a high participation rate.’

[26] The labour market has improved significantly with strong employment growth of 355 200 workers over the year to April 2018, of which 265 000 were full time employees. Employment growth of over 3 per cent recorded at the end of 2017 and in early 2018 is much higher than at the time of the last Review. Further, as pointed out by the Reserve Bank of Australia (RBA), recent employment growth has been higher than population growth.<sup>12</sup>

[27] The economy has continued to grow with real GDP increasing by 2.4 per cent consistent with the five-year average. Growth was broad based, with 16 out of 19 industries recording growth.

[28] Business conditions remain positive. Profits grew by 4.3 per cent in 2017 and by 5.8 per cent in the non-mining sector. Survey measures of overall business conditions are at their highest levels since the global financial crisis.

[29] Inflation and wages growth remain low. The Consumer Price Index increased by 1.9 per cent over the year to the March quarter 2018, and underlying inflation and the Living Cost Index for employee households rose by 2 per cent. The latest data show that the Wage Price Index (WPI) increased by 2.1 per cent over the year to the March quarter 2018, having increased by 0.5 per cent in each of the last two quarters.

[30] Low wages growth has significant economic and social consequences. As RBA Governor Philip Lowe has remarked sustained low wages growth diminishes the sense of shared prosperity.<sup>13</sup>

[31] The economic forecasts from the Australian Government, as presented in the 2018–19 Budget, the RBA and the International Monetary Fund all point to improving economic conditions.

[32] As the Treasurer and the Minister succinctly put it in their post Budget submission to the Review:

‘The Australian economy has entered its 27<sup>th</sup> year of economic growth and has performed remarkably well in adjusting from the investment phase of the mining boom towards broader-based sources of growth. Real GDP is forecast to grow by 2¾ per cent in 2017-18 and to accelerate further to 3 per cent growth in 2018–19 and 2019–20.’

[33] The 2018–19 Budget forecast for the WPI is for wages to increase by 2¼ per cent this year, rising to 2¾ per cent in 2018–19 and 3¼ per cent in 2019–20. These forecasts are predicated on increased growth in the economy leading to a tighter labour market and hence wages growth. Productivity growth and the forecast increases in inflation were also expected to result in an increase in the WPI.

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<sup>12</sup> RBA (2018), Statement on Monetary Policy, May, p. 30.

<sup>13</sup> Lowe P (2018), Remarks at Reserve Bank Board Dinner, Adelaide, 1 May.

[34] The international experience, particularly in the US, shows that a lower unemployment rate has not translated to stronger wages growth. The RBA has cautioned that there is a risk that it may take a lower unemployment rate than currently expected to generate higher wages growth.

[35] The Budget forecasts in respect of the WPI appear overly optimistic, particularly as the RBA expects increases in wages growth to be gradual and the unemployment rate is only expected to decline slightly, to 5¼ per cent by 2019–20. The Panel noted that while it expects wages growth to pick up over time, this is likely to be a more gradual process than that forecast in the Budget. The Panel expects that its decision in this Review will result in an increase in the WPI but does not expect any other significant sources of increase in wages growth in the short term.

[36] In each Review the Panel must take into account the employment impacts of the NMW and modern award minimum wages and any proposed increases to these rates.

[37] The Panel remained of the view that modest and regular minimum wage increases do not result in disemployment effects or inhibit workforce participation. Recent Australian research published by the RBA (the Bishop paper), discussed in Chapter 2 of the Decision provides support for that view. Recent research in the UK continues to support that conclusion. The position is more contested in the US.

[38] The real value of the NMW has increased by 5.8 per cent over the last decade, and by 4.3 per cent in the past five years. However, the Panel noted that this has not resulted in improvements to the actual or relative living standards for many categories of NMW and award-reliant households, due to changes in the tax-transfer system. It has, however, provided an increase in the living standards of single adults.

[39] The effect of taxes and transfers on disposable incomes of the low paid is relevant to the needs of the low paid and their relative living standards, both in terms of specific changes to the tax-transfer system and in assessing broader information in relation to measures of relative income of the low paid.

[40] Consistent with the view the Panel has taken in the past, it has not taken into account the measures proposed in the recent Budget which are yet to be legislated.

[41] A number of other matters are relevant to the outcome of the Review.

[42] The Panel is required to take into account the need to encourage collective bargaining. As set out in Chapter 4 of the Decision, while the Panel accepts that there has been a decline in current enterprise agreement making, a range of factors impact on the propensity to engage in collective bargaining, many of which are unrelated to increases in the NMW and modern award minimum wages. The Panel was not persuaded that the gap between modern award minimum wages and bargained wages, to the extent it can be identified with any precision, has reached a level where it is encouraging or discouraging collective bargaining.

[43] Gender pay equity, and in particular the gender pay gap, is relevant to the Review because it is an element of the requirement to establish a safety net that is ‘fair’. The gender pay gap refers to the difference between the average wages earned by men and women, usually expressed as a ratio. The Statistical report published as part of the Review sets out

three measures of the gender pay gap, ranging from 11.0 per cent to 15.3 per cent (see Table 4.1 in Chapter 4).

[44] The extent to which women workers are award reliant affects the impact of minimum wage increases on the gender pay gap. Women are disproportionately represented among those on the NMW and those who are reliant on modern award minimum wages. It follows that an increase in the NMW and modern award minimum wages (particularly an increase above the level of bargained wage increases) will assist in reducing the gender pay gap.

[45] The Panel noted that the gender pay gap is a factor in favour of an increase in minimum wages and we have considered this together with the various statutory considerations we are required to take into account.

[46] The Panel concluded as follows (at [83] and [100]):

[83] The prevailing economic circumstances provide an opportunity to improve the relative living standards of the low paid and to enable them to better meet their needs.

[100] The level of increase we have decided upon will not lead to undue inflationary pressure and is highly unlikely to have any measurable negative impact on employment. However, such an increase will mean an improvement in the real wages for those employees who are reliant on the NMW and modern award minimum wages and, absent any negative tax transfer effects, an improvement in their living standards. We acknowledge that the compounding effect of increases over time may have a cumulative effect which is not apparent in the short term. We will continue to closely monitor this in future reviews.

[47] The Panel also took into account the circumstances of different regions, industries and sectors but for the reasons set out in the decision, no exceptional circumstances were demonstrated such as to warrant a deferral of the increases awarded.

[48] Further, at paragraph [104] of the Decision the Panel noted:

‘The increases we propose to award will not lift all NMW and award-reliant employees out of poverty (measured by household disposable income below a 60 per cent median income poverty line). But to grant an increase to the NMW and modern award minimum wages of the size necessary to immediately lift all full-time workers out of poverty, or an increase of the size proposed by ACCER and the ACTU, is likely to run a substantial risk of adverse employment effects. Such adverse effects will impact on those groups who are already marginalised in the labour market, with a corresponding impact on the vulnerability of households to poverty due to loss of employment or hours of work. An increase of the magnitude proposed by ACCER and the ACTU would also carry a substantial risk of reducing the employment opportunities for low-skilled workers, including many young persons, who are looking for work.’

[49] The determinations and order giving effect to the [Decision](#) will come into operation on 1 July 2018.

[50] The Panel determined that it was appropriate to increase the NMW, and the factors identified in the Decision led the Panel to award an increase of 3.5 per cent.



**[51]** The national minimum wage order will contain:

(a) a national minimum wage of \$719.20 per week or \$18.93 per hour. (This constitutes an increase of \$24.30 per week to the weekly rate or 64 cents per hour to the hourly rate);

(b) two special national minimum wages for award/agreement free employees with disability: for employees with disability whose productivity is not affected, a minimum wage of \$719.20 per week or \$18.93 per hour based on a 38-hour week, and for employees whose productivity is affected, an assessment under the supported wage system, subject to a minimum payment fixed under the SWSS;

(c) wages provisions for award/agreement free junior employees based on the percentages for juniors in the *Miscellaneous Award 2010* applied to the national minimum wage;

(d) the apprentice wage provisions and the NTWS in the *Miscellaneous Award 2010* for award/agreement free employees to whom training arrangements apply, incorporated by reference, and a provision providing transitional arrangements for first year award/agreement free adult apprentices engaged before 1 July 2014; and

(e) a casual loading of 25 per cent for award/agreement free employees.

**[52]** Having regard to the proposed NMW and the other relevant considerations, the Panel also considered that it was appropriate to adjust modern award minimum wages. The outcome of this Review in relation to modern award minimum wages is that from the first full pay period on or after 1 July 2018 minimum weekly wages are increased by 3.5 per cent, with commensurate increases in hourly rates on the basis of a 38-hour week.

**[53]** The increase applies to modern award minimum wages for junior employees, employees to whom training arrangements apply and employees with disability, and to piece rates, through the operation of the methods applying to the calculation of those wages. Wages in the NTWS will be increased by 3.5 per cent.

**[54]** The casual loading in modern awards will remain at 25 per cent. The casual loading in the Business Equipment Award will be increased to 23 per cent, consistent with the phasing approach outlined in the Decision. As a general proposition, the panel expects that the casual loading in this award will be increased by 1 per cent in subsequent Reviews, until it reaches 25 per cent, in accordance with the phasing schedule proposed by Ai Group.

**[55]** The adjustment will flow through to employees with disabilities through the operation of the Supported Wage System Schedule (SWSS) and that the minimum payment in the SWSS will be adjusted consistent with the approach adopted in previous reviews.

**[56]** In relation to transitional instruments, from the first full pay period on or after 1 July 2018, wages in those instruments will be varied by 3.5 per cent per week, with commensurate increases in hourly rates based on a 38-hour week. Copied State awards will be varied on the basis discussed in Chapter 5 of this decision.

**[57]** The determinations necessary to give effect to the increase in modern awards will be made available in draft form shortly after this decision. Weekly wages in the NMW order and modern awards will be rounded to the nearest 10 cents and hourly wages will be calculated by

dividing the weekly rate by 38, on the basis of the 38-hour week for a full-time employee. Determinations varying the modern awards will be made as soon as practicable and the modern awards including the varied wage rates will be published as required by the Act. Method for calculation is at Attachment A.

**[58]** The timetable for the 2018–19 Annual Wage Review will be announced in the third quarter of 2018.

**[59]** The Panel expresses its appreciation to the parties who participated in the Review for their contributions and to the staff of the Fair Work Commission for their assistance.

[\[2018\] FWCFB 3500](#)

- This summary is not a substitute for the reasons of the Fair Work Commission nor is it to be used in any later consideration of the Commission’s reasons.

- ENDS

## Attachment A

Calculation of NMW and modern award minimum wages

The current weekly national minimum wage (NMW) is \$694.90.

- The increase of 3.5 per cent is applied to the current **weekly** NMW.

$$\$694.90 \times (1 + (3.5/100)) = \$719.22$$

- To obtain the new **weekly** NMW, this rate is rounded to the nearest 10 cents.

$$\$719.22 \rightarrow \underline{\$719.20}$$

The current hourly NMW is \$18.29.

To calculate the **hourly** NMW, the new weekly NMW is divided by 38, based on a 38-hour week for a full-time employee.

$$\$719.20 / 38 = \$18.9263$$

- To obtain the new **hourly** NMW, this rate is rounded to the nearest cent.

$$\$18.9263 \rightarrow \underline{\$18.93}$$

The NMW will increase by \$24.30 per week (\$719.20 – \$694.90) or 64 cents per hour (\$18.93 – \$18.29).

The current weekly C10 rate (*Manufacturing and Associated Industries and Occupations Award 2010*) is \$809.10.

- The increase of 3.5 per cent is applied to the current **weekly** C10.

$$\$809.10 \times (1 + (3.5/100)) = \$837.42$$

- To obtain the new **weekly** C10, this rate is rounded to the nearest 10 cents.

$$\$837.42 \rightarrow \underline{\$837.40}$$

The current hourly C10 rate (*Manufacturing and Associated Industries and Occupations Award 2010*) is \$21.29.

- To calculate the **hourly** C10, the new weekly C10 is divided by 38, based on a 38-hour week for a full-time employee.

$$\$837.40 / 38 = \$22.0368$$

- To obtain the new **hourly** C10, this rate is rounded to the nearest cent.

$$\$22.0368 \rightarrow \underline{\$22.04}$$

The C10 rate will increase by \$28.30 per week (\$837.40 – \$809.10) or 75 cents per hour (\$22.04 – \$21.29).