



WorkSafe Victoria

# PIAWE Calculations

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# PIAWE definition

## Section 153 of the WIRC Act Pre-injury Average Weekly earnings is

“ the sum of —

- (a) the average of the worker's **ordinary earnings** during the **relevant period** (**excluding** from that period **any week** during which the worker **did not actually work and** —
  - (i) was **not on paid leave**; or
  - (ii) was on **paid leave at a rate less than the base rate of pay**) —expressed as a weekly sum; and
- (b) the worker's earnings enhancement (if any) in the **relevant enhancement period.**”

# Ordinary earnings – Rate of pay

*Ordinary earnings can be determined referring to:*

- **Base rate of pay** – rate paid to a worker for his/her ordinary hours of work set by an employment contract or industrial award

or

- **Actual rate of pay** – actual rate of pay, when there is no base rate of pay or worker is paid at higher rate (including commissions, piece rate and some monetary allowances)

# Ordinary earnings – Other payments

## *Ordinary earnings include other payments:*

- allowances for actual work performed
- allowances prescribed by an industrial award

## *Ordinary earnings do not include payments:*

- assist a worker to perform a task
- work in certain location
- pay for work related expenses

# Ordinary earnings: Activity 1 – Allowances



**Which wage components are included in ordinary earnings?**

## **Tasks:**

- 1. Check the list of salary components you have been provided and determine whether they are:***
  - included in ordinary earnings; or***
  - excluded from ordinary earnings.***
- 2. Arrange them in two lists.***

# Ordinary earnings – Allowances inclusions



## What is included?

- ✓ Base rate of pay
- ✓ Casual loading
- ✓ Commissions
- ✓ Piece rates (tally bonuses)
- ✓ Monetary value of non-pecuniary benefit (residential accommodation, motor vehicle, private health insurance, education fees, etc.)
- ✓ Salary sacrificed amounts (e.g. superannuation, purchase of equipment, etc.)
- ✓ Some monetary allowances (Higher duties, etc.)

# Ordinary earnings – Excluded payments



## What is excluded?

- x Bonuses or incentive based payments
- x Tool allowance
- x Height allowance
- x Travel and meal allowances
- x Leave loading



# Ordinary earnings – Relevant period

***Relevant period*** is defined as:

- 52 weeks of continuous employment immediately before the injury;
- OR
- if less than 52 weeks, the period of continuous employment with that employer.

## ***Which period is excluded?***

Any period where a worker:

- x did not actually work and was not on paid leave (e.g., annual leave, sick leave);
- OR
- x was on paid leave at a rate less than the base rate of pay.

# PIAWE: Activity 2 – Ordinary earnings



## Scenario

*Paul Rubens is a casual employee who works for XYZ construction. He sustains a back injury on 13/09/15.*

*The worker is not entitled to earning enhancements.*

## Task:

- 1. Calculate PIAWE based on the information provided.**

# PIAWE calculations



# PIAWE: Earning enhancements

**Earning enhancements** refers to a worker's overtime and shift allowances.

**PIAWE includes earning enhancements** for the first 52 weeks of weekly payments.



## **What are the conditions for including overtime or shift allowance?**

- ✓ The worker worked overtime or shift allowance during the relevant period.
- ✓ It is likely, but for the injury, the worker would have worked paid overtime or shift work in the 52 weeks after the injury.

# Earning enhancements – Definition

## Section 157 of the WIRC Act

States that earning enhancements are calculated in accordance with the formula:

$$\frac{A}{B}$$

- **A** = the total amount paid or payable to the worker for overtime and shift allowances in respect of the relevant period.
- **B** = the **number of weeks** during the relevant period during which the worker **worked** or was on **paid annual leave** at the base rate of pay.

# PIAWE: Earning enhancements

## *Relevant period*

Defined as 52 weeks of continuous employment immediately before the injury OR if less than 52 weeks, the period of continuous employment with that employer.



### ***Which period is included?***

- ✓ Any period where a worker worked or was on paid annual leave.



### ***Which periods are excluded?***

- ✓ Any period of sick leave, long service leave, maternity leave, leave without pay.
- ✓ This period is deducted on a part week basis so individual hours or days are excluded.

# PIAWE: Activity 3



## Scenario

*Andy Warhol is an employee who works for MASMEC engineering. He sustains a shoulder injury on 20/11/15.*

## Task:

- 1. Calculate the ordinary earnings and overtime components of PIAWE based on the information provided.**

# PIAWE: Activity 4



## Scenario

*Frida Kahlo is an employee who works for TRY pharmaceutical. She sustains an injury to her fingers on 20/11/15.*

## Task:

- 1. Calculate the ordinary earnings and overtime components of PIAWE based on the information provided.**



# PIAWE: Further compensable injury



## Scenario

*A worker sustains a further compensable injury whilst back at work and in receipt of weekly payments for the first injury. The second injury is completely unrelated to the first.*



## **How is PIAWE calculated?**

- ✓ Use the PIAWE calculated for the first injury, including earning enhancements, if they apply.

# PIAWE: Changes to the rate of pay



## Scenario

*During the 52 weeks before the injury the worker is promoted and this results in higher ordinary earnings. This happens at week 32.*



## ***How is PIAWE calculated?***

### ***Ordinary earnings:***

- ✓ discard period before week 32

### ***Earning enhancements:***

- ✓ same period as ordinary earnings, unless no longer entitled to earning enhancements due to change in role.

# PIAWE: Summary & Re-cap



## PIAWE components

- Ordinary earnings
- Earning enhancements

## Relevant period

## PIAWE calculations

**Check Claims Manual and e-Learning module on SI Discover for further information.**

# PIAWE: Any questions ?



Before you review this list you need to remember the following principle: salary components paid for actual work performed are generally included in ordinary earnings. Please note, this is a guideline only and, depending on the terms of the worker's employment, some payments will need to be considered on their merit. You need to determine if payments are part of a worker's earnings and are part of the worker's total remuneration package.

## **Activity 1 – Included in ordinary earnings**

**base rate of pay**

**casual loading**

**commissions**

**piece rates**

**residential accommodation**

**car allowance**

**private health insurance cover fee**

**child care fees**

**volunteer superannuation  
contributions**

**higher duties allowance**

**Excluded from ordinary earnings**

**tool allowance**

**height allowance**

**travel and meal allowances**

**leave loading**

**annual bonus payments**

### Payroll for Paul Rubens

Pay period fortnight		Gross Pay	Net Pay
13/09/2014	26/09/2014	0	0
27/09/2014	10/10/2014	659.66	509.66
11/10/2014	24/10/2014	942.37	702.37
25/10/2014	7/11/2014	942.4	730.4
8/11/2014	21/11/2014	0	0
22/11/2014	5/12/2012	1,225.10	945.1
6/12/2014	19/12/2014	0	0
20/12/2014	2/01/2015	0	0
3/01/2015	16/01/2015	0	0
17/01/2015	30/01/2015	0	0
31/01/2015	13/02/2015	0	0
14/02/2015	27/02/2015	1,225.10	945.1
28/02/2015	13/03/2015	1,017.45	751.45
14/03/2015	27/03/2015	1,017.45	751.45
28/03/2015	10/04/2015	0	0
11/04/2015	24/04/2015	0	0
25/04/2015	8/05/2015	0	0
9/05/2015	22/05/2015	2,436.52	1,786.52
23/05/2015	5/06/2015	1,017.45	751.45
6/06/2015	19/06/2015	1,017.45	751.45
20/06/2015	3/07/2015	0	0
4/07/2015	17/07/2015	0	0
18/07/2015	31/07/2015	1,357.18	1,015.18
1/08/2015	14/08/2015	1,017.45	751.45
15/08/2015	28/08/2015	1,357.18	1,015.18
29/08/2015	11/09/2015	612.55	474.55
<b>TOTAL</b>		<b>\$15,845.31</b>	<b>\$11,881.31</b>

How many weeks are excluded = 24 because of unpaid leave.

52-24= 28

**Total earnings \$15,845.31/28 weeks = \$565.90 PIAWE**

28

\$565.90

**Payroll for Andy Warhol**

<b>Period end date</b>	<b>Gross base pay*</b>	<b>Public Holiday</b>	<b>2.0 O/TIME</b>	<b>Annual Leave</b>	<b>Sick Leave</b>
02-Dec-14	2564.56		539.90		
16-Dec-14	2308.10		742.37		256.46
30-Dec-14	769.36	512.92		1282.28	
13-Jan-15	256.46	256.46		2051.64	
27-Jan-15	1282.27	256.46	269.95	1025.83	
10-Feb-15	2564.56		269.95		
24-Feb-15	2564.56		269.95		
10-Mar-15	2564.56		539.9		
24-Mar-15	1795.18				512.92
07-Apr-15	2051.64	512.92	269.95		
21-Apr-15	2308.10		269.95	256.46	
05-May-15	1795.19	256.46	269.95	512.91	
19-May-15	2051.64				512.92
02-Jun-15	2564.56		275.35		
16-Jun-15	2308.10	256.46	275.35		
30-Jun-15	2564.56		275.35		
14-Jul-15	2564.56		413.03		
28-Jul-15	2564.56		275.35		
11-Aug-15	1795.18				769.38
25-Aug-15	2564.56		413.03		
08-Sep-15	1282.28			1282.28	
22-Sep-15	2564.56		275.35		
06-Oct-15	2308.10	256.46			
20-Oct-15	2564.56		550.70		
03-Nov-15	2308.10	256.46	275.35		
17-Nov-15	2564.56				
<b>TOTAL</b>	<b>\$55,394.42</b>	<b>\$2,564.60</b>	<b>\$6,470.73</b>	<b>\$6,411.40</b>	<b>\$2,051.68</b>

Worker had the following leave:  
 Annual leave: 5 weeks  
 Public Holidays: 2 weeks  
 Sick leave: 8 days

\* Please note the following is excluded from gross base pay: public holiday, annual leave, sick leave.



**Explanation Andy Warhol**

Total gross earned = \$66,422.10 (sum of base + pub holiday +annual leave+sick leave)

\$66,422.10/52 weeks = **\$1,277.35 ordinary earnings**

Excluded weeks for Overtime = 1.6 (8 days)

52 weeks - 1.6 weeks = 50.4 weeks

\$6,470.73/ 50.4 weeks (excluding sick leave) = **\$128.39 overtime component**

\$1,277.35 + \$128.39 = **\$1,405.74 PIAWE**

\$1,405.74

**Ordinary Earnings:**

\$1,277.35

50.4

**Overtime:**

\$128.39

**Payroll for Frida Kahlo**

Period end date	Gross base pay*	Sick leave	2.0 O/TIME	Annual leave	Leave without pay	Days without pay
02-Dec-14	2564.56		539.90			
16-Dec-14	2564.56		742.37			
30-Dec-14	1282.28			1282.28		
13-Jan-15	512.92			2051.64		
27-Jan-15	1538.73		269.95	1025.83		
10-Feb-15	2564.56		269.95			
24-Feb-15	2564.56		269.95			
10-Mar-15	2564.56		539.9			
24-Mar-15	1538.72				-1025.84	-4.00
07-Apr-15	2564.56		269.95			
21-Apr-15	2308.10		269.95	256.46		
05-May-15	1795.19		269.95	512.91		
19-May-15	2051.65				-512.91	-2.00
02-Jun-15	2564.56		275.35			
16-Jun-15	2564.56		275.35			
30-Jun-15	2564.56		275.35			
14-Jul-15	2564.56		413.03			
28-Jul-15	2564.56		275.35			
11-Aug-15	2051.65	512.91				
25-Aug-15	2564.56		413.03			
08-Sep-15	1538.72	1025.84				
22-Sep-15	2564.56		275.35			
06-Oct-15	2308.10	256.46				
20-Oct-15	2564.56		550.70			
03-Nov-15	2564.56		275.35			
17-Nov-15	2564.56					
<b>TOTAL</b>	<b>\$57,959.02</b>	<b>\$1,795.21</b>	<b>\$6,470.73</b>	<b>\$5,129.12</b>	<b>-\$1,538.75</b>	<b>-6.00</b>

(all taken in one week)

(both taken in one week)

Worker had the following leave:  
 Sick leave: 7 days  
 Annual leave: 4 weeks  
 Leave without pay: 6 days

**Daily gross rate: \$256.46**

\* Please note the following is excluded from the gross base pay: sick leave, annual leave, leave without pay.

**Explanation Frida Kahlo**

**Ordinary earnings**

Gross base rate + sick leave + annual leave = \$64,883.35

A total of 6 days have been taken as leave without pay. Worker was not paid for 6 days. Worker was paid for the rest of the time she worked in those two weeks of leave without

The amount she was paid in those two weeks of leave without pay is equivalent to a total of 4 days. Those 4 days need to be deducted from the total amount of ordinary earnings:

4 days of daily gross rate (256.46 x 4) = \$1,025.84 (to exclude the two weeks of leave without pay)

\$64,883.35 - \$1,025.84 = \$63,857.51

52 weeks - 2 weeks (leave without pay) = 50 weeks

\$63,857.51 / 50 weeks = **\$1,277.15 ordinary earnings**

1025.84

**Overtime Component**

sick leave 7 days + leave without pay 6 days = 13 days (2.6 weeks)

52 weeks - 2.6 weeks = 49.4 weeks

\$6,470.73 / 49.4 weeks = **\$130.99 Overtime component**

**PIAWE**

\$1,277.15 + \$130.99 = **\$1,408.14**

**Ordinary Earnings:**

\$1,277.15

**Overtime:**

\$130.99

49.4