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Wages Outlook

The recent election of the Coalition Government and their commitment to greater decentralisation of industrial relations has led commentators to speculate on likely wage outcomes of the new 'industrial relations' environment. Some have argued that with no Accord restraining unions significant wage pressure is likely to emerge in some industries such as metals, mining, construction and transport and storage. Increased economic activity in non-residential Construction, in particular, could fuel strong wages growth in this sector during 1996.

The average annual wage increase in agreements registered in the December quarter of 1995 was 5.2% (See Part 1). This is comparable with the CPI figures of 5.1% and mirrors the Average Weekly Ordinary Time Earnings (AWOTE) figures produced by the Australian Bureau of Statistics (ABS).

While the media has devoted most attention to union led wage campaigns, there is evidence to suggest that the non union sector may be a greater source for wage pressure. With company profits rising by 17.1% in 1995 and dividends by 29.3% those receiving the greatest salary benefits were Senior Executives and company Directors. A 1994 survey by Egan & Associates found that incomes of Chief Executives rose by 8% and payment for company Directors by 9%. Anecdotal evidence suggests similar rises in 1995. The Price Surveillance Authority calculated that executive salaries rose 58.6% between 1988 and 1995, while earnings for all other workers only increased by 38.4% over the same period.¹

Another source of wage pressure is likely to arise from employers trying to attract and retain skilled staff. Data from the Department of Employment Education and Training’s (DEET) Skilled Vacancy Survey suggests that there are significant vacancies amongst building professionals and engineers, business professionals, computing professionals and to a lesser extent metal trades people. With the exception of the last group the shortages are appearing in the predominantly non-unionised, non-registered agreement sectors. This finding could also help explain the above average increases in average weekly earnings recorded in finance and building and construction (ie. 8.7% and 7.7% respectively) industries in 1994-95 (ABS Cat. 6302.0). Interestingly almost half of all current agreements in the finance sector recorded annual wage increases of only 3% or less per annum.

When considering the wage effects of agreements it is also important to note the trade-offs/productivity enhancement measures contained in them. This ADAM Report reveals that the nature of the changes in agreements can be very significant and vary quite dramatically even within an industry as highly unionised as Construction (see Part 1). Changes in working time entitlements in particular can provide major savings for employers. Our analysis of overtime practices and provisions reveals that over 43% of full time employees work overtime and around half of these people are currently paid extra for these hours. Around one registered agreement in five makes major changes to overtime entitlements (see Part 2).
This report also contains some preliminary analysis of individual employment contracts. Data on these is difficult to obtain because of confidentiality provisions in Victorian and Western Australian law. An exploratory study undertaken by ACIRRT compared 25 Western Australian agreements with award entitlements. The study found that while they generally do not cut standard wage rates they do reduce penalty payments and drastically change working time provisions. The latter changes could potentially provide major gains for employers (see Part 3).

Average annual wage movements contained in enterprise agreements often receive a great deal of attention by media commentators and finance sector analysts. Such a focus may underestimate the significance of labour market pressures on wage outcomes, especially from the non-agreements sector. In addition, the offsets underpinning wage increases are often overlooked. This can result in poor understandings of the wages situation because changes in working time arrangements in particular can significantly reduce the inflationary potential of many registered enterprise agreements.

Footnotes
1 For further details on these matters see the forthcoming article on wages policy by ACIRRT staff in the March 1996 issue of the Journal of Industrial Relations.
Wage Increases and

The average annual wage increase for enterprise agreements registered in the December quarter of 1995 was 5.2%.

When wage increases in all current enterprise agreements (that is agreements that had not expired as at 1st January 1996) on the database were examined the average annual wage increase for these current agreements was 4.6%. Public sector agreements had a slightly lower average annual wage increase at 4.5% and Private sector enterprises a slightly higher average of 4.7%. Further industry disaggregations are provided in Table 1.1.

Table 1.1 Wage Increases - All Current Agreements

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average annual %increase</th>
<th>Standard Deviation %</th>
<th>Highest annual %increase</th>
<th>Lowest annual %increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining/Construction</td>
<td>6.2</td>
<td>3.1</td>
<td>18.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Food, Beverage and Tobacco Manufacturing</td>
<td>4.9</td>
<td>2.0</td>
<td>10.5</td>
<td>1.2</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>5.0</td>
<td>1.9</td>
<td>10.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Metal Manufacturing</td>
<td>4.9</td>
<td>2.2</td>
<td>14.5</td>
<td>2.0</td>
</tr>
<tr>
<td>Electricity, Gas &amp; Water</td>
<td>5.2</td>
<td>1.7</td>
<td>8.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Wholesale/Retail Trade</td>
<td>3.6</td>
<td>2.1</td>
<td>8.2</td>
<td>0.33</td>
</tr>
<tr>
<td>Transport/Storage</td>
<td>4.6</td>
<td>1.8</td>
<td>8.3</td>
<td>1.49</td>
</tr>
<tr>
<td>Finance Services</td>
<td>3.4</td>
<td>1.8</td>
<td>5</td>
<td>0.85</td>
</tr>
<tr>
<td>Public Admin</td>
<td>4.5</td>
<td>1.5</td>
<td>9.2</td>
<td>0.75</td>
</tr>
<tr>
<td>Community Services</td>
<td>3.9</td>
<td>2.0</td>
<td>9.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Recreational &amp; Personal Services</td>
<td>3.2</td>
<td>2.0</td>
<td>9</td>
<td>0.5</td>
</tr>
<tr>
<td>All Industries</td>
<td>4.6</td>
<td>2.3</td>
<td>18.5</td>
<td>0.33</td>
</tr>
</tbody>
</table>

Source: ADAM Database, February 1996, N=531

Table 1.1 shows that the highest average annual wage increases for current agreements are located in agreements from the Mining and Construction industries with the lowest increases in agreements from the Recreational and Personal Services industry.

High & Low Wage Increase Agreements

Average figures only tell part of the story. Insights into where the high and low wage agreements are coming from are provided in Table 1.2. High wage agreements were defined as those with average annual wage increases greater than 5.2%, low wage agreements as those of 3% or less. Industries with high wage agreements included Mining and Construction where just under half (48.6%)
Innovations

contained increases greater than the all industry average of 5.2% and Electric-
yty, Gas and Water where 54.5% of agreement had such increases. Industries
with large proportions of low wage agreements include Wholesale and Retail
trade (where 47.3% of agreements contained such wage increases) and Recrea-
tional and Personal Services where just under two-thirds (63%) of agreements
contained low levels of wage increases.

Table 1.2 Proportion of ‘high’ and ‘low’ wage agreements by industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>% of high annual wage increase agreements (&gt; 5.2%)</th>
<th>% of low wage annual increase agreements (&lt;= 3%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining/Construction</td>
<td>48.6</td>
<td>14.3</td>
</tr>
</tbody>
</table>
| Food, Beverage and Tobacco Manu-
ufacturing                      | 37.1                                             | 19.4                                            |
| Other Manufacturing             | 39.8                                             | 14.5                                            |
| Metal Manufacturing             | 30.6                                             | 17.7                                            |
| Elec, Gas and Water             | 54.5                                             | 13.6                                            |
| Wholesale/Retail Trade          | 21.8                                             | 47.3                                            |
| Transport/Storage               | 28.6                                             | 21.4                                            |
| Finance Services                | 11.4                                             | 45.7                                            |
| Public Administration           | 25.6                                             | 12.8                                            |
| Community Services              | 19.4                                             | 33.3                                            |
| Recreational and Personal Serv-
ices                            | 14.8                                             | 63.0                                            |
| All Industries                  | 31.8                                             | 25.4                                            |

Source: ADAM, February 1996, N=531

Differences between high, medium and low wage agreements

The variability in wage increases is obviously significant. It is useful to exam-
ine a number of agreements from one industry to examine what is going on
behind the aggregate trends. Given that many people have argued that pattern
bargaining has been prevalent in the Construction industry, agreements from
this sector were selected for closer scrutiny.

Construction industry agreements were grouped into three categories:
- those with very high wage increases (greater than 9% per annum)
- those with high wage increases (greater than 5.2% and less than 9%)
- those with below average wage increases (less than 5.2% per annum).
Table 1.3: Variations in Construction Industry Agreements

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Absolute wage rise</th>
<th>Average Annual wage rise</th>
<th>Duration (months)</th>
<th>Key provisions</th>
</tr>
</thead>
</table>
| Very High | 22.5               | 12.3                     | 22                | • New skills based grade structure  
• Agreement to discuss productivity improvements |
| Very High | 18.5               | 9.25                     | 24                | • Site allowance in lieu of award and site disability allowance  
• Hours changes  
  - max hours per week: 58  
  - max hours per day:  
    10 (weekdays),  
    8 (Saturday) |
| High      | 15.0               | 7.5                      | 24                | • Develop procedures to better use lost time and greater flexibility in meal breaks  
• Develop productivity improvement program based on  
  - eliminating barriers to high productivity  
  - continuous improvement, benchmarking and quality concepts |
| High      | 13.6               | 6.8                      | 24                | • No identifiable tradeoffs or productivity enhancements |
| Below Average | 20.0           | 4.7                      | 51                | • New skills based grading structure  
• Agree to discuss productivity improvement |
| Below Average | 10.0           | 5.0                      | 24                | • Elimination of non-productive time  
• Reduction in number of subcontract packages  
• Introduction of teamwork  
• Flexibility in RDOs  
• Change in wet weather provisions including training in down time and varying normal hours as appropriate  
• Maximum 56 hours per week  
• Introduce performance indicators to achieve 25% efficiencies on site. |

Source: ADAM, February 1996, N=531
Innovations

Two agreements from each grouping were selected at random and then examined to compare the relationship between size of wage increase and the conditions attached to these. The findings are summarised in Table 1.3.

The key features of this table are as follows:
- the level of wage increase ranged from a low of 4.7% per annum to a high of 12.3%
- the duration of agreements varied from 22 to 51 months with most operating for two years
- the provisions employees are expected to adhere to in return for these wage increases varies dramatically.

Arguably the most interesting feature of this table is that there does not appear to be any necessary relationship between the level of wage increases and changes employees are required to implement. For example, one agreement granting a 6.8% increase appears to be associated with no trade-offs or proposals to enhance productivity. On the other hand, one of the lower wage increase agreements outlines a wide range of provisions required of the workforce including elimination of non-productive time, flexibility in RDOs, some modifications to working time arrangements and agreement to the introduction of a wide range of performance indicators. Of particular interest is that the highest and low wage increase agreements appear to be identical in content for everything bar the size of the wage increase. Workers party to both agreements accept involvement in new skill-based grade structures and commitments to discuss ‘real gains in productivity through a consultative committee.’ One group received a 12.3% wage increase for agreeing to such provisions, another only received 4.7%.

Given the limited number of agreements studied, these findings can only be regarded as indicative. They do, however, imply that even in industries with strong unions the outcomes of enterprise bargaining can be mixed. Some workers have fared better than others in financial terms for what appear to be similar changes at the workplace. Such a finding raises awkward questions for commentators and policy makers. Prima facie this reveals that there is no simple pattern bargaining underway - the variability between agreements and wage rises is real. But this variability does not, on the face of it, appear to be directly related to ‘improvements to productivity’ in each case. We suspect that the outcomes of enterprise bargaining reflect more the relative power between the parties to each agreement rather than necessarily following industry patterns or enterprise performance as such. Thus, while many workers are obviously agreeing to major changes in aspects of their working arrangements it is clear that the rewards they receive for this vary dramatically from agreement to agreement.

Interesting Clauses in Recent Enterprise Agreements

Casual and Part-time Employment

A recent electricity industry agreement has annualised wages and introduced teamwork provisions for casual and part-time staff. The agreement states that the employment of part-time and casual employees will be in accordance with the following:
## Wage Increases and

<table>
<thead>
<tr>
<th></th>
<th>Casual</th>
<th>Part-time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hours</strong></td>
<td>A minimum of one normal attendance for the relevant workgroup (Monday to Friday)</td>
<td>A minimum of one normal attendance for the relevant workgroup. Maximum of three normal attendances per week</td>
</tr>
<tr>
<td><strong>Rate of Pay</strong></td>
<td>Annualised Salaries, at entry point plus 19%, paid hourly</td>
<td>Annualised salary as per competency, paid hourly</td>
</tr>
<tr>
<td><strong>Special Conditions</strong></td>
<td>Expected to work similar hours to their workgroup</td>
<td>Expected to work similar hours to their workgroup</td>
</tr>
</tbody>
</table>

### Wages based on skills point system

With the commencement of a metal manufacturing agreement the graded wage system that was previously in place is to be replaced with an interim enterprise competency based wage system. Under this system wages are determined on the basis of required skills being successfully exercised in allocated work duties.

Points have been allocated to the individual items in the anticipated product range based on an assessment of the competency required to carry out servicing duties on those products. A summary of the point structure follows:

- Electric heaters 1 point
- Rangehoods 1 point
- Vacuum cleaners 1 point
- Clothes dryers 1 point
- Microwave ovens 2 points
- Front Load washers 3 points
- Refrigeration systems 5 points

A set dollar value per point is applied to assess the over-award payment applicable to individual service persons.

Staff engaged in field activity receive a further $20.00 per week as a field allowance. Any existing service person in receipt of a wage value in excess of the above will have it identified as an Anomaly allowance.

All service staff receive a base payment equivalent to the C9 award classification rate. All are required to possess certification and/or licences appropriate to their occupation and to have completed training.

It is intended to provide service staff with the opportunity to progressively become skilled across the range of products. Training associated with the product range will be accessible based on service needs and employees. If asked, employees are expected to undertake training to acquire additional skills. The resultant career path provides reasonable access to the full 31 points.

Example of weekly wages under this new system would therefore be calculated as:
Innovations

\[ \text{[Enterprise] Rate} \ (\text{Award rate} + \text{Enterprise E.A Margin}) \\
+ \ Points \times \$2.34 \ (\text{current value per point}) \\
+ \ Field \ allowance \ (\text{if applicable}) \\
+ \ Anomaly \ allowance \ (\text{if applicable}) \]

= Total wage for 38 hours

Profit Share/Bonus System

Bonus and profit sharing schemes are becoming more common in enterprise agreements. A recent Manufacturing agreement has a provision for profit sharing which gives full-time, part-time and casual employees access to a share of at least $60,000 per annum.

During the period of operation of this agreement the company will pay an annual bonus to each eligible employee in accordance with the terms of this clause. The bonus will be calculated by reference to the profits of [the company] as a whole and will be paid in October of each year.

All employees of [the company], other than managerial and supervisory employees eligible to receive performance bonuses as part of their negotiated remuneration, shall be eligible employees for the purposes of this clause.

The bonus pool will be distributed in equal shares among full time employees with pro rata proportions to be paid to
(i) part-timers
(ii) casuals
(iii) full-time employees with less than 12 months service with the company at 30 June of the relevant year
(iv) former employees who left their employment with the company during the period of operation of this agreement but prior to 30 June in the relevant financial year.

Computer Software Warning

A Metal Manufacturing industry agreement has included a warning about plant security and the use of its computer software in its enterprise agreement.

An employee will not remove any records, documents, company vehicles, tools, plant, equipment or any other property from the company premises without the prior approval of the company.

Employees recognise that the company uses computer software under licence and which may not be reproduced or copied by the company in any way.

An employee will only use the software in accordance with applicable licence arrangements and will not misuse software or related documentation including the making, acquiring or using of unauthorised copies of computer software.

The company retains the right to discipline as appropriate under the circumstances any employee who fails to comply with the above mentioned requirements which will constitute a breach of this agreement. Employees are also subject to relevant Australian copyright.
Leisure Leave

A Finance industry agreement contains a provision for two days leisure leave per annum in addition to normal leave entitlements.

Full time employees will receive one additional day’s paid leave each year (previously known as Christmas Shopping day) to be taken on a mutually convenient and agreed day in the two months preceding Christmas and one additional days paid leave each year (formerly Christmas Eve and New Year’s Eve half day holidays) to be taken on a mutually convenient and agreed day during the following calendar year. These two days are not cumulative and may not be added to an employee’s accrued annual leave.

This same agreement provides employees with discounts on their health insurance (if it is with the company) based on the following scale:

- 50% employee members -20% discount
- 60% employee members -30% discount
- 70% employee members -40% discount
- 80% employee members -50% discount

These discounts will be applicable to, and limited to, an employee, spouse (including de facto) and dependent children.

Occupational Health and Safety

Previous editions of the ADAM Report have examined the issue of OHS provisions and enterprise bargaining. The major finding was that in few cases are the OHS implications of changes at the workplace considered in the enterprise bargaining process. Consistent with this, ADAM data also found it is also uncommon for workplaces to review OHS on a regular basis. An exception to this is a Textile Manufacturing agreement which contains a provision for collecting and analysing information on the nature and incidence of hazards at the workplaces.

The agreement states:
"The employer shall institute a procedure for collecting information on the nature of hazards and incidence of injury which includes:

i. an internal system for reporting, recording and investigation of incidents, injuries and illness

ii. the routine analysis of injury/illness/incident data

iii. routine reports on key OHS performance indicators (lost time trends, injury frequency rate trends, cost and severity measures and estimation of indirect costs).
Overtime Practices


Previous ADAM Reports have noted the significant changes to working time arrangements appearing in most registered enterprise agreements. This section examines one aspect of this issue: changes to overtime entitlements.

Changes to overtime arrangements are a way of achieving greater numerical flexibility at the enterprise. The most common method for achieving this involves changing penalty payments to reduce overtime costs to the enterprise. Clauses from enterprise agreements reveal a range of methods in use to achieve this flexibility, notably the payment of overtime at single rates and the introduction of time in lieu of overtime provisions. Time in lieu of overtime provisions has also been introduced to create more family friendly employment conditions at the workplace.

Current Overtime Arrangements

Recently the Australian Bureau of Statistics has released comprehensive information on the nature of overtime arrangements as part of its Working Arrangements Survey (ABS Cat. 6342.0.40.001). This reveals that in 1995, 43% of full time employees worked some overtime in one week. Indeed, of those who worked overtime, 58.8% worked an additional 1 to 9 hours and 41.3% worked 10 or more hours of overtime per week. What this means is just over a quarter of full-time employees in Australia are working up to 48 hours per week and over 15% are working more than 48 hours per week.

The nature and level of overtime worked varies, however, between different occupational groups. Over a third (34.8%) of employees working in excess of ordinary hours do so on an unpaid basis and just under one in five (19.7%) are expected to work these hours as part of their salary package. Just on 40.7% of employees are paid directly for additional hours worked. The differences between occupations are evident in Table 2.1 (below).

Table 2.1. Employees who usually work overtime in their main job, whether paid or unpaid by occupation, August, 1995

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Paid Overtime (%)</th>
<th>Included in Salary (%)</th>
<th>Time off in lieu (%)</th>
<th>Unpaid overtime (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>7.0</td>
<td>42.0</td>
<td>2.3</td>
<td>47.8</td>
</tr>
<tr>
<td>Professionals</td>
<td>10.5</td>
<td>26.9</td>
<td>4.7</td>
<td>57.3</td>
</tr>
<tr>
<td>Para-professionals</td>
<td>39.8</td>
<td>15.3</td>
<td>8.5</td>
<td>35.4</td>
</tr>
<tr>
<td>Tradespersons</td>
<td>74.2</td>
<td>8.9</td>
<td>1.8</td>
<td>14.5</td>
</tr>
<tr>
<td>Clerks</td>
<td>37.7</td>
<td>15.8</td>
<td>9.1</td>
<td>37.0</td>
</tr>
<tr>
<td>Salesworkers</td>
<td>35.6</td>
<td>21.7</td>
<td>3.2</td>
<td>37.8</td>
</tr>
<tr>
<td>Plant &amp; Machine Ops</td>
<td>86.7</td>
<td>5.5</td>
<td>1.2</td>
<td>6.3</td>
</tr>
<tr>
<td>Labourers</td>
<td>79.3</td>
<td>7.5</td>
<td>1.7</td>
<td>10.9</td>
</tr>
<tr>
<td>Total</td>
<td>40.7</td>
<td>19.7</td>
<td>4.1</td>
<td>34.8</td>
</tr>
</tbody>
</table>

Source: ABS, Working Arrangements, Australia ABS 6342.0
Part 2

Overtime Practices and

Table 2.1 shows that white collar workers are most likely to work unpaid overtime. Just under half all Managers (47.8%) work such hours as do many Professionals (57.3%), Clerks (37%) and Sales Workers (37.8%). Those paid for their additional worked hours are predominantly blue collar workers. Just under three quarters of Tradespeople (74.2%) working overtime are paid directly, as are 86.7% of Plant and Machine Operators and 79.3% of Labourers.

The number of additional hours worked also varies by occupation and is summarised in Table 2.2.

Table 2.2 Employees who usually work overtime in their main job, hours of overtime worked each week, August 1995

<table>
<thead>
<tr>
<th>Occupation</th>
<th>1-9 hours</th>
<th>10 - 24 hours</th>
<th>25 + hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>overtime worked per week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>34.0</td>
<td>56.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Professionals</td>
<td>51.5</td>
<td>40.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Para-professionals</td>
<td>74.0</td>
<td>23.8</td>
<td>2.2</td>
</tr>
<tr>
<td>Tradespeople</td>
<td>64.0</td>
<td>32.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Clerks</td>
<td>78.5</td>
<td>20.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Salesworkers</td>
<td>70.0</td>
<td>26.7</td>
<td>3.3</td>
</tr>
<tr>
<td>Plant &amp; machine operators</td>
<td>61.0</td>
<td>34.9</td>
<td>6.4</td>
</tr>
<tr>
<td>Labourers</td>
<td>71.7</td>
<td>26</td>
<td>2.3</td>
</tr>
<tr>
<td>Total</td>
<td>61.1</td>
<td>34.9</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: ABS, Working Arrangements, Australia ABS 6342.0.40.001

Most employees working overtime (ie. 61.1%) worked less than an additional 10 hours per week. Many managers and professionals, however, worked considerably longer than this. Around two-thirds (66%) of managers and just under half (48.5%) of professionals worked ten hours or more per week. Indeed, one manager in ten worked in excess of 60 hours per week.

Overtime Provisions in Recently Registered Enterprise Agreements

The nature of overtime entitlements is a matter often considered in enterprise bargaining. When the content of enterprise agreements is examined there are differences also appear in overtime arrangements by industry. Table 2.3 shows that overtime payments at single rates are most common in the service sectors enterprise agreements, especially the Recreational and Personal Services industries. They are less common in agreements from the Food, Beverage and Tobacco Manufacturing and Electricity, Gas and Water industries.

Time in lieu of overtime arrangements are a feature of 16.1% of enterprise agreements with 7.8% of agreements providing for time to be taken as time off at ordinary rates and 8.3% at overtime rates. Time off in lieu arrangements may also include flexitime or flex leave arrangements at the workplace. Time off in
Provisions in Agreements

Table 2.3: Overtime Payment Provisions in Enterprise Agreements

<table>
<thead>
<tr>
<th>Industry</th>
<th>Overtime Paid at Single Rate</th>
<th>Time in Lieu of Overtime - At Overtime Rate</th>
<th>Time in Lieu of Overtime - At Ordinary Rate</th>
<th>% of enterprise agreements with provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining/Construction</td>
<td>5.8</td>
<td>7.9</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td>Food, Beverage and Tobacco Manufacturing</td>
<td>1.6</td>
<td>10.2</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>6.8</td>
<td>6.6</td>
<td>9.4</td>
<td></td>
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<tr>
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<td>6.9</td>
<td>5.3</td>
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<tr>
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<td>4.5</td>
<td>9.1</td>
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<tr>
<td>Wholesale/Retail Trade</td>
<td>10.6</td>
<td>11.0</td>
<td>8.7</td>
<td></td>
</tr>
<tr>
<td>Transport/Storage</td>
<td>5.6</td>
<td>11.2</td>
<td>7.0</td>
<td></td>
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<tr>
<td>Finance Services</td>
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<td>6.1</td>
<td>12.2</td>
<td></td>
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<td>Public Administration</td>
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<td>9.6</td>
<td>6.0</td>
<td></td>
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<tr>
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<td>6.5</td>
<td>8.5</td>
<td>9.6</td>
<td></td>
</tr>
<tr>
<td>Recreational and Personal Services</td>
<td>12.3</td>
<td>8.3</td>
<td>4.5</td>
<td></td>
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<tr>
<td>All Industries</td>
<td>6.3</td>
<td>8.3</td>
<td>7.8</td>
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</table>

Source: ADAM, February 1996, N=531

Lieu at ordinary rates is most common in Finance Services (12.2%), Community Services (9.6%) and Food, Beverage and Tobacco Manufacturing (9.4%) and the other manufacturing industries (9.4%) enterprise agreements. Time off in lieu at the overtime rate are most common in the Transport and Storage (11.2%) and Wholesale and Retail industry (11%) enterprise agreements.

Two examples of typical provisions concerning time of in lieu are provided by recent agreements from the Community Services and Construction industries. The agreement from an enterprise in the Community Services sector refers to the concept of ‘make up time’. It states:

“A staff member may elect, with the consent of the (employer) to work ‘make-up’ time under which the staff member takes time off ordinary hours and works those hours at a later time, during the spread of ordinary hours provided in the agreement at the ordinary rate of pay.”

The wording in a recent agreement from the construction industry takes a slightly different tack. It reads, in part:
Part 2

Overtime Practices and

"If the employer and the employee agree, time worked in excess of and/or outside ordinary working hours, between Monday to Friday may be taken as time off on the basis of one hour off for each hour. In other cases overtime shall be paid at the rate of time and one half for the first two hours and double time thereafter."

Related Changes in Enterprise Agreements

In addition to provisions that either abolish penalties for working overtime or codify time in lieu entitlements a considerable number of agreements are modifying overtime arrangements in a variety of other ways. For example, a recent transport industry agreement has removed the traditional payments for overtime and replaced it with ‘special payments’ for extra hours worked.

"Hours of Work"
(a) Ordinary hours will be 40 hours per week within a work cycle not exceeding six consecutive days Monday to Saturday. Provided that only the first twelve hours in any shift will be counted as ordinary hours.
(b) Extra hours are those worked in addition to ordinary hours and will be paid the appropriate rate.

<table>
<thead>
<tr>
<th>Pay Rates</th>
<th>Ordinary Hours</th>
<th>Extra Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probation</td>
<td>$12.25</td>
<td>$16.50</td>
</tr>
<tr>
<td>Permanent</td>
<td>$12.50</td>
<td>$17.50&quot;</td>
</tr>
</tbody>
</table>

A recent retail industry agreement has removed all payments for overtime and penalty rates by paying all employees a flat rate per hour that is dependent on their occupation. This hourly rate is not to be less than that in the parent award.

"Normal Hours of Work"
The ordinary hours of work shall not exceed 40 per week and shall be worked Monday to Sunday inclusive over five days.
The management of (the enterprise) shall determine the times of each shift in accordance with the requirements of the business.
It is acknowledged by the parties that there will be no arrangements for the taking of regular or accumulated rostered days off in lieu of payment of any part of normal hours worked”.

A considerable number of agreements also contain ‘averaging of hours’ provisions which have major implications for calculating overtime entitlements.
For example, an agreement from the real estate industry outlines that:

“ordinary hours of employment under this agreement shall be a maximum of 40 hours per week, averaged over a 52 week period. Hours worked outside this average must be voluntary and authorised by the employer in writing and any hours so authorised will be paid for at the ordinary hourly rate”.

Provisions of this nature are not confined to the private services sector. A recent agreement from a manufacturing enterprise contains the following clause:
Provisions in Agreements

"The ordinary span of hours of employment for all employees exclusive of meal breaks shall be worked between Monday to Saturday inclusive as determined by (the employer) and shall not exceed 38 hours per week (which may be averaged over a 52 week period as permitted by s122 of the Act) subject to a maximum of 12 ordinary hours on any one day and 50 hours in any one week."

Conclusion

Well over a third of employees currently work overtime. Of these around half do so on an unpaid basis. The provisions in recently registered enterprise agreements reveal that the overtime entitlements of many workers are changing dramatically. While it is clear that many of the recent changes are working to reduce labour costs for firms operating outside of standard hours it remains unclear whether recent changes of the nature identified above are equally beneficial to employees.
Part 3

New Developments:

The Weipa dispute in late 1995 put individual contracts on the front page as an alternative method of employment regulation for workers traditionally covered by awards or collective agreements. Unfortunately because of problems with accessing individual contracts there has been little research on the form that employment contracts take in Australia.¹

A recent report commissioned by the Trades and Labor Council of Western Australia examined 25 workplace agreements (individual contracts). The focus of the study was to look at variations from Award standards to conditions of employment rather than merely contrasting wage rates. The study was exploratory and should not be regarded as representative of all individual contracts. A major limitation on an analysis of this emerging part of the industrial relations system are the confidentiality provisions in the Western Australian (and Victorian) labour laws.

The conclusions of the report were as follows:

First, when considering how individual contracts compare with awards it is important to consider more than just the wage rates contained in both forms of employment regulation. A superficial comparison of wage rates tends to indicate that wages in individual contracts are the same as or sometimes slightly higher than base rates contained in awards. This does not mean, however, that workers employed on the basis of individual contracts are necessarily better off. Awards are comprehensive documents that provide a wide range of entitlements and protections for employees. Individual employment contracts had either left out or significantly reduced most of these entitlements.

Second, the most profound difference between the individual contracts studied and the relevant award provisions concerns the approaches to regulating employee working time. Many contracts do not regard work done on weekends, at night or on public holidays as any different to work performed during daylight hours Monday to Friday. In addition, where individual contracts contain penalty rates for working ‘non-standard’ hours, such penalties are usually paid at a single rate which is lower than that contained in the relevant award. Some people may argue that such arrangements reflect the informed agreement of the parties to mutually beneficial ‘flexibility’. Most of the agreements studied, however, came from the Retail, Hospitality and Contract Cleaning industries. These are industries where wages are already low and in which workers traditionally have had little or no bargaining power given the high levels of unemployment and the unskilled nature of the work. In such circumstances the flexibility is likely to result in a better matching of labour requirements to the needs of employers and not a better matching of work and family responsibilities.

Third, the dispute settling procedures in agreements appear to mark a sharp break with current arrangements. Australia currently has a unique set of industrial tribunals and award enforcement agencies to ensure fair rates of pay and that these standards are inexpensively enforced. The dispute settling procedures contained in many of the individual contracts studied would discourage the formal pursuit of grievances and if accessed by aggrieved employees would result in significant financial hardship.
Individual Contracts

Fourth, and most importantly, the very fact that the individual contracts have so much in common indicates that 'pattern bargaining' and 'comparative wage justice' are not simply products of awards and unions. Employers themselves appear to have a strong sense of 'the going rate' and desired forms of 'flexibility'. On the basis of the individual contracts studied it appears that deregulation can simply result in reduced accountability in the settlement of wages and working conditions and not the development of dynamic, innovative agreements that meet the peculiar needs of the individual parties involved.

Further details on developments in individual contracts will be provided in future issues of the ADAM Report as material becomes available.

Footnotes
1 An overview of the limited material available on this subject is provided by Jonathon Hamberger, Individual Contracts: Beyond Enterprise Bargaining?, ACIRRT Working Paper No. 39, December 1995
ADAM Services

Customised reports
Subscribers may wish to obtain additional information quickly on issues of immediate concern. This information can be provided by commissioning customised reports prepared by ACIRRT. These reports will indicate the extent to which particular issues have been dealt with in:

- Federal, NSW, WA and Queensland agreements
- Particular industries

These reports include:
- tables accompanied by a brief description and commentary
- sample clauses of the issues examined
- qualitative analysis of clauses

The Breadth of ADAM
ADAM has information on over 800 different issues covered in enterprise agreements. These are grouped under the following headings:

- fundamental features such as
  jurisdiction of registration
  negotiating parties
  industry of agreement
  period of operation
- agreement objectives
- methods to achieve objectives
- flexibility arrangements: functional and numerical
- training and skills formation
- productivity and efficiency improvement measures
- quality and performance indicators
- termination, dispute settling and grievance procedures
- hours and flexible work arrangements
- shift work
- overtime
- wages
- juniors, traineeships and apprenticeships
- allowances
- leave entitlements
- change, redundancy and severance pay
- employee representation and consultative arrangements
- superannuation
- equal employment opportunity

Further Information
To discuss your requirements and for an obligation free quote contact Shannon O’Keeffe on (02) 351 5626 or fax (02) 351 5615.
Technical Appendix

ADAM
The Agreements Database and Monitor (ADAM) has been developed and maintained by the Australian Centre for Industrial Relations Research and Training (ACIRRRT) at the University of Sydney. The coding framework on which the system is based is derived from an awards database that has been developed over many years by Alban Gillezeau, one of the researchers at the Centre.

All clauses in all agreements included in ADAM have been read, interpreted by coders and then noted against the relevant section of the coding framework. All coders have either tertiary qualifications or practical experience in industrial relations and have been trained to ensure consistency in coding. Coders’ work is systematically checked to minimise error in the coding process. Once entered, the data is checked for typographical errors before any statistics are released.

Agreements on the database
Agreements have been checked on a stratified, random basis. This has been done to ensure that a statistically significant number of agreements are coded from as many industries as possible. This has meant "oversampling" in some industries (e.g. electricity, gas and water and some private services industries) and some "undersampling" in others (e.g. parts of manufacturing). This approach to sampling allows us to report at the industry level with a high degree of confidence developments.

Industry
The industry categories used are based on the Australian Standard Industry Classification (ASIC) volumes 1 and 2. This will soon be converted to the new industry coding contained in the Australian and New Zealand Standard Industry Classification (ANZIC).

Details on industry coverage is usually provided in agreements. Where it is unclear workplace managers have been contacted for this information. In a limited number of cases this information is yet to be obtained.

Estimating Annual Wage Increases
Not all agreements provide sufficient information to calculate annual wage increases embodied in them. The majority, however, report either what the rate of increase is or provide sufficient information to calculate it. The rate of increase is then divided by the number of months for which the agreement runs. This figure is then multiplied by twelve to generate an estimate of what the wage increase would be over a 12 month period. Because of delays in the registration process a few agreements will only run officially for a couple of months. Where it is apparent that the official duration of the agreement is unduly short as a result of administrative delays, such as agreements are excluded from the calculations so as not to artificially raise the estimate of average annual increases contained in all agreements.