Contents

1 wage trends

wage increases in June quarter 2005 agreements .......................................................... 3
high wage outcomes in June 2005 quarter agreements ............................................. 7
wage outcomes in current collective agreements ..................................................... 10

2 special issue

trends in wage setting methods .................................................................................. 11

3 innovative clauses

innovations in employment security ........................................................................ 17
innovations in leave and flexible work practices ....................................................... 23
employee assistance programs ................................................................................. 29
attendance bonuses and sick leave incentives ......................................................... 33
innovative salaries and bonus payments .................................................................. 38

4 technical notes

method for calculating average annual percentage wage increases (AAWI) per agreement .......................................................................................................................... 43
about the ADAM Database ...................................................................................... 44
about acirrt, University of Sydney ............................................................................ 44
Recent months have seen much discussion on the impact of labour or skill shortages on wage movements. In August, the ABS released its labour price index figures for the June quarter 2005. These figures show a 1.1 percent increase in the quarter, and a 4 percent increase for the 12 months to June. ABS average weekly ordinary time earnings (AWOTE) figures have also shown an increase of 5.8 percent in the 12 months to May 2005. However, it does not appear that these wage trends have translated to higher average annual wage increases (AAWI) in enterprise agreements in this period. Figures for wage increases in federal enterprise agreements released by DEWR in August 2005 were lower than in previous quarters. Similarly, acirrt’s figures for agreements across all Jurisdictions are lower for the June quarter (4.0 percent) than in the March 2005 quarter (4.2 percent) and the December 2004 quarter (4.4 percent).

Figure 1.1 shows that in fact there has been something of a downward trend in AAWI in enterprise agreements over the past 12 months from 4.6 percent in June 2004.
While the December 2004 quarter saw some closing of the gap between union and non-union agreements, the March and June quarters have seen the gap widen once more. Figure 1.2 shows that in the June quarter AAWI in union agreements rose to 4.2 percent while in non-union agreements it fell to 3.2 percent (from 3.4 percent in March).

AAWI in public sector agreements has been quite erratic over the past twelve months but in the June quarter it rose once again to 4.1 percent. Over the same period, private sector agreements were steadier, but the June quarter saw a drop in AAWI in these agreements to 3.9 percent from 4.3 percent in the previous quarter.
A number of reasons have been suggested for the disparity in overall wage movements and wage movements in enterprise agreements. Disaggregated figures from the labour price index suggest that there were higher levels of wage growth in particular industries such as construction, education and mining, compared to other industries. The construction, education and mining industries have also been identified as industry sectors where the ageing workforce is having the greatest impact on skill shortages. That is, skill shortages are only occurring in very specific industry sectors and wages pressure is not yet being seen in enterprise agreements from other industries.

National Australia Bank Chief Economist (Markets), Rob Henderson has identified that enterprise agreements tend to be lag indicators for wage movements (Workplace Express, 2005). That is, AAWI in enterprise agreements tends to react to wage movements rather than lead wage movements. Given that most agreements have a term of 36 months and may take up to six months to be renegotiated it is unlikely for agreements to show rapid changes in wage movements.

Source: ADAM, 2005, acirrt, University of Sydney
Note: Government Business Enterprises and Non-profit agreements have been excluded due to small sample size
It is possible that wage pressures due to skill shortages are being dealt with by employers through promotional structures, performance bonuses or other methods that are addressed in internal policy documents rather than enterprise agreements. Alternatively, employers may be addressing labour shortages by adopting initiatives to improve employee retention, training or skills development.

Figures from ADAM do not show any major increases in the incidence of bonus payments in enterprise agreements, however there is some evidence of innovation in clauses dealing with retention, use of casual and temporary staff and training provisions. Section three of this report examines innovative clauses in agreements certified in the June quarter.
high wage outcomes in June 2005 quarter agreements

Twenty five agreements in this quarter had wage outcomes of 5 percent or more. In keeping with the above discussion of skill shortages in particular industries, eight of these agreements are from the construction industry, four are public sector agreements and three are from the health industry. Other industries represented include education, agriculture and manufacturing. Table 1.1 summarises the key features of six agreements with the highest wage outcomes in this quarter.

While the high wage outcome agreements drawn from the public sector and health industry require workers to improve productivity or review working structures in return for higher wage increases, the increases in construction and education may demonstrate the impact of skill shortages as there do not appear to be any trade-offs for higher wage outcomes. As well as increased monetary compensation these agreements also provide improved conditions or employer commitments to improve security of tenure.

It is unusual to see high wage outcome agreements in the agricultural industry which traditionally, with retail, has one of the lowest AAWIs of any industry. The two agreements from the agricultural industry in table 1.1 are drawn from an area where specific skills and knowledge are needed (grape harvesting) and may also reflect a localised skill shortage within the industry.
**Table 1.1: Key features of higher than average wage increases in June 2005 quarter enterprise agreements**

<table>
<thead>
<tr>
<th>Industry (AAWI)</th>
<th>Key Provisions</th>
</tr>
</thead>
</table>
| **Local Government** (AAWI 7.33%) | • This 36 month agreement provides for a 15% increase on certification with two further increases of 3.5% in subsequent years, representing a total increase of 22% over the life of the agreement.  
   • The initial 15% is a trade-off for the cooperation of employees to meet newly introduced KPIs.  
   • A further 6% per annum is provided as a bonus pool should performance targets be met in subsequent years. |
| **Health industry** (AAWI 7.26%) | • This 34 month agreement provides for six wage increases totaling 18.75% over the life of the agreement. The agreement refers to a memorandum of understanding between the employer and union to introduce productivity measures.  
   • Employees’ ordinary hours may be increased to 12 hour shifts if the employee agrees.  
   • The agreement provides for a review of the classification structures of employees to be undertaken within the first 12 months of the agreement. |
| **Agricultural industry** (AAWI 7%) | • The two 24 month agreements with the same employer provide for 14% increases over the life of the agreement.  
   • The objectives of the agreement include “to provide a system that rewards performance fairly”.  
   • Employer provides two different options for remuneration. Employees may negotiate a piece work pay system or a bonus rate system.  
   • Employer agrees to use facilitative provisions to introduce flexible work practices in the workplace. |
| **Construction industry** (AAWI 6.9%) | • This 36 month agreement provides for increases of 20% over the duration of the agreement.  
   • No apparent trade-offs for higher wage outcomes; may represent impact of skill shortages.  
   • Employer specifically commits to ensuring that there will be no age discrimination in the workplace.  
   • Agreement provides commitment to improve productivity, efficiency and flexibility in conjunction with improved job security for workers. |
| Construction industry (AAWI 6.8%) | • A short-term (12 month) agreement that provides two six-monthly increases of 3.2% and 3.6%.
• No apparent trade-offs for wage increases.
• Employer commits to a move to a 36 hour week (from current 38 hour week) |
|----------------------------------|---------------------------------------------------------------------------------------------------------|
| Education industry (AAWI 6.7%)  | • This 27 month agreement provides for a 15% increase over the duration.
• No apparent trade-offs for higher wage outcomes.
• Employees have access to incremental progression and can apply for promotion or reclassification of position.
• Casual status may be converted to permanent employment after 6, 12 or 24 months of service depending on classification levels.
• Commitment to monitor and analyse workloads to ensure employees are not taking on excessive hours of work. |

**Source:** ADAM, 2005, June 2005 Quarter, acirrt, University of Sydney.

*Note: High wage agreements are defined as those delivering an AAWI of 5% or above.*
wage outcomes in current collective agreements

There are 2089 currently operating agreements in ADAM as at 30 June 2005. Figure 1.3 provides a breakdown of average annual wage increases in these agreements by industry sector. Electricity, gas and water agreements continue to represent the highest AAWI with education, construction and manufacturing also performing strongly.

Amongst these currently operating agreements retail and agriculture continue to be the industries with the lowest AAWIs in enterprise agreements.

**figure 1.3: wage increases in currently operating agreements, by industry**

Source: ADAM, 2005, Agreements current as at 30 June 2005 Quarter, acirrt, University of Sydney.
2 special issue

Trends in wage setting methods

Labour market deregulation since the late 1980s has seen major changes in the methods of wage setting in Australia. Until the late 1980s the wages and salaries of most Australian workers were established through the award system with industry-based over award payments in particular areas. Labour market pressures resulted in wage increases that flowed through to all occupations and industries through the variation of secondary awards.

With the introduction of enterprise bargaining, the early 1990s saw relative stability in award rates with variations in wages aiming only to provide protection for the lowest paid workers. During this period enterprise agreements have become the major source of wages growth.

The federal government’s proposed legislative changes will see an increased use of enterprise and individual agreements as the conduit for wage increases with statutory minima, established by the Fair Pay Commission, to provide protection for low paid workers.

Table 2.1 below shows indicative figures from the early 2000s of the distribution of employees by method of wage determination. It shows that 40 percent of employees are covered by enterprise agreements.
table 2.1 indicative distribution of employees (early 2000s) by method of wage determination

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Proportion of employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Award Only</td>
<td>20</td>
</tr>
<tr>
<td>Award and over award</td>
<td>20</td>
</tr>
<tr>
<td>Agreement - Complements Award</td>
<td>35</td>
</tr>
<tr>
<td>Agreement - Replaces Awards</td>
<td>5</td>
</tr>
<tr>
<td>Individual Arrangements - Unregistered/Common Law</td>
<td>18</td>
</tr>
<tr>
<td>Individual Arrangements - Registered</td>
<td>2</td>
</tr>
</tbody>
</table>

Within enterprise agreements a number of different approaches are taken to the establishment of wages and salaries. 20 percent of all agreements within the ADAM database do not contain a clause on wages at all. These agreements tend to be single issue agreements that are designed to be read in conjunction with an award or, increasingly, with another enterprise agreement. Such agreements may cover specific issues such as salary sacrificing, or access to overtime or they may cover the conditions of a discrete section of a company’s workforce.

Of those agreements that do include a wages provision, 75.3 percent give a quantifiable increase. These agreements may provide a percentage increase or a flat dollar amount. Increases may have an at-risk component that is based on individual, team or workplace performance. Agreements may also provide for performance-based bonus payments. The ADAM Report 42 released in September 2004 provides a detailed analysis of the trends in performance based pay in enterprise agreements. The current report will therefore focus on the trends in other methods of setting wages.

Amongst the agreements that do not provide for a quantifiable wage increase there are three basic approaches to setting wages. Wages may be:
1. set with reference to changes in the consumer price index (CPI)
2. set with reference to state or national wage cases
3. reviewed on the basis of an employee’s performance.

In an attempt to increase employer prerogative and remove transparency from the wage setting process, a number of agreements include clauses such as the following; taken from an agreement in the fast food industry:

*The Employer and Employees shall review their rates of pay, on balance, on each 12 month anniversary following certification of this Agreement. Such review shall, without limitation, have regard for CPI and National Wage Case movements over the previous 12 months. Increases will be made where appropriate.*
Figure 2.1 shows that in the ten years to 2004 the CPI and safety net adjustments have delivered significantly lower wage outcomes than enterprise agreements generally.

**Figure 2.1:** index of wages and prices 1997-2005

![Index of Wages and Prices 1997-2005](image)

**Source:** ABS, Cat. No. 6401.0; ADAM, June 2005, acirrt, University of Sydney.

Note: the Safety Net Adjustment index is calculated using the C10 metal fitters rate.

**agreements with wage increases based on CPI**

Across all agreements in the ADAM database 4.4 percent of agreements link changes in wages to the consumer price index (CPI). Examining the trends in the incidence of such clauses over time shows significant variability in the use of CPI in wage fixing. Figure 2.2 below shows the incidence of CPI clauses graphed against the percentage change in CPI per annum. The figure shows a peak in the incidence of CPI clauses of 17 percent in 2001 which may reflect concerns for both the introduction of the GST and the CPI increase of 6 percent in that year.

Over the past two years the CPI has remained relatively steady, with changes of only 2.4 percent in 2004 and 2.5 percent in 2005. However, there has been an increase in the incidence of clauses linking wages to CPI over this period. In 2005, 9 percent of agreements contain such clauses.
The incidence of clauses linking wages to CPI is higher in the private sector (5.2 percent) than in the public sector (2.5 percent) and is higher for non-union agreements (5.3 percent) than for union agreements (4.0 percent). Amongst currently operating agreements this difference has become more pronounced with 11 percent of currently operating, non-union agreements linking wages to CPI compared to 6 percent amongst union agreements.

In examining the incidence of CPI clauses by industry we find that across all agreements the incidence is highest in the construction industry (10 percent). However, there appears to be a changing trend across industries. Amongst currently operating agreements the incidence in construction has dropped to 7.5 percent while the incidence in retail has risen to 11 percent (compared to an overall rate of less than 1 percent) and in cafes, accommodation and restaurants it has risen to 24.2 percent (3 percent across all years).

The use of CPI in wage setting has become problematic in recent years. Dr Chris Briggs, an ARC research fellow at acirrt has undertaken an analysis of the nature of the CPI today and its possible roles in wage fixing. He found that the CPI was restructured by the ABS following a review in 1997, and was reconfigured from a cost-of-living index into a general index of price inflation. In this process he identified that the CPI does not:

- measure all changes in the cost of household expenditure;
- include changes to income-based taxes;
• include the cost of servicing debt;
• reflect current consumption patterns;
• reflect changes to household consumption patterns;
• reflect variations in consumption patterns across different types of households.

Of particular concern, Briggs (2004) noted that the ratio of household debt to household income has risen from 56 per cent to 125 per cent in the past decade, taking Australian household debt from one of the lowest to one of the highest ratios by international standings. Excluding data on household debt removes a key component of household expenditure from the measure.

Briggs (2004) concluded that linking wages to the CPI would deliver a wage increase commensurate with the Safety-Net Adjustment determinations but well beneath the AAWI in all enterprise agreements.

agreements with wage increases based on national or state wage cases

In the Adam database 11 percent of all agreements only provide for wage increases in line with state or national wage cases. Figure 2.3 shows that the incidence of such agreements increased in the early 2000s reaching 21 percent in 2003 but has dropped back to 11 percent in 2004 and 2005.

figure 2.3: incidence of clauses linking wages to safety net adjustments 1997-2005

Source: ADAM Database, June 2005, acirrt, University of Sydney.
The incidence of clauses linking wages to Safety-Net Adjustments is highest in the non-profit sector (21.8 percent) while in both the public and private sectors the incidence is considerably lower at 10.6 percent and 10.4 percent respectively. Non-union agreements have a higher incidence of safety net adjustment clauses (13.3 percent) than union agreements (10.2 percent).

The incidence of Safety-Net Adjustment clauses is highest in the agriculture, forestry and fishing industry (21.7 percent) and in the health and welfare services sector (21.2 percent). It is also reasonably high in agreements from the property and business services industry (16.6 percent) and in those agreements from the cafes, accommodation and restaurant industry (15.5 percent). While the incidence of such clauses dropped in 2004 and 2005 this appears only to have accentuated the pattern. Amongst currently operating agreements the incidence in agricultural agreements has risen to 35.5 percent, in health and welfare services 20 percent, property and business services 17.8 percent and cafes, accommodation and restaurants 27.3 percent.

Under proposed legislative changes at the federal level, the Australian Industrial Relations Commission will no longer be hearing Safety-Net Adjustment cases. Instead statutory minima will be established and reviewed by the new Fair Pay Commission. This will have a major impact on those employees covered by enterprise agreements that specify wage increases based on state or national wage cases.

Although enterprise agreements cover a broad proportion of employees in Australia, there is a significant proportion of these agreements that do not provide for wage increases at all (20 percent), and a significant proportion of agreements that are providing for wage increases that only maintain wages with inflation (4 percent). As already noted, a further 10 percent of agreements rely only on state and national wage cases and changes in award rates of pay. The proposed federal changes will have a major impact on wages for these workers.
innovative clauses

innovations in employment security

The June quarter saw a number of innovative clauses that address skill shortages by improving employees’ job security and hours of work. The first clause, from an agreement in the construction industry, commits to the creation of permanent and regular jobs, and to improving the predictability and regularity of hours. The employer agrees to use permanent labour in preference to casual or temporary labour, to reduce excessive unsociable hours and overtime and to compensate employees fairly for overtime, weekend and shift work.

The second clause from an agreement from the local government sector commits to improve job security through training and education and career development. The agreement commits to using natural attrition, redeployment and voluntary redundancy in preference to retrenchment or forced redundancy.

The third clause, from the wood product manufacturing sector restricts the proportion of casual to no more than 10 percent of the workforce. It places conditions on the use of casuals to ensure they have access to adequate training and supervision. The agreement provides for transition to permanent status for casuals and commits to ensuring that part-time work will not be utilised in preference to full-time work and that part-time work is only available through employee choice. Part-time workers will be offered full-time work if it becomes available.

The fourth clause, again from the construction industry specifies that workers will not be asked to work unsociable hours. The clause defines unsociable hours and specifies penalty rates to cover work done in these hours. The agreement also commits to create increased secure employment with 10 percent of new jobs to be targeted for people with disabilities. Traineeships are also identified as a possible source of job creation.

The final clause from the construction industry is an age discrimination clause which is extra to the general anti-discrimination, anti-harassment and EEO/AA clauses in the agreement. The purpose of the clause is to encourage the retention of apprentices and trainees by paying them at the adult rates of pay.
EXTRACT 1 (CONSTRUCTION)

The objective of this Agreement is to promote real gains in productivity and/or efficiency and/or flexibility at the workplace and to provide more secure, regular, skilled and better paid jobs for workers by continued progress on the implementation of workplace reform.

The parties also recognise that the future of the industry and a healthy Australian economy rely on increased job creation of permanent and regular jobs through increased value added manufacturing and increased provision of services. Therefore the parties have as an objective of this Agreement the aim of improving secure and regular employment opportunities in the enterprise through initiatives set out in this agreement.

The parties agree to maximise the job security, quality of working life, the predictability and regularity of hours and to minimise excessive hours of work.

The parties to this agreement recognise that deregulation of permanent full time employment through the introduction of:

* an increase in the use of casual labour;
* an increase in the use of part-time labour;
* an increase in the use of contract employment;
* transferring work and employees to other employers (outsourcing);
* use of labour hire employees;
* job sharing; and
* flexibilities in hours including the introduction of 12 hour shifts annualised wage systems.

has the potential to dramatically reduce the quality of working life, job security and the control employees have over their own family and leisure time. The company agrees to consult fully with affected employees by using the consultative provisions set out in this agreement prior to any changes to the above working practices or any working practices that affect the work security, status of employment, or the amount of time or when time is spent at work.

The parties to this agreement recognise the importance to the business and to employees of ensuring that each employee has a healthy balance between working time, leisure and family time and rest.

To this end the parties agree that it is the intent of the parties and this agreement to ensure that:
* security of work is increased through the use of permanent, and by agreement, permanent/regular part-time jobs by the company to the preference of casual and other types of labour hire arrangements;

* Employees do not work excessive unsociable hours;

* Employees are not pressured to work excessive overtime;

* Appropriate rates of pay are provided for shift work, overtime and for working weekends and other unsociable hours;

* Hours of work are reasonably stable and predictable allowing employees to plan their activities outside of working hours.

---

EXTRACT 2 (LOCAL GOVERNMENT)

20. Employment Security

   The Parties agree that the implementation of productivity and efficiency initiatives should enhance the operations of the Council. It is agreed that improvements in productivity and efficiency sought under the Agreement will not be achieved through job reduction.

   The Parties are committed to continually improving the job security of employees by:-

   a) training and educating employees and providing retraining where appropriate;
   b) career development and equal opportunity;
   c) using natural attrition and re-allocation after consultation in preference to retrenchment or redundancy;
   d) timely advice to the Parties and employees about any significant re-allocation of labour;
   e) the Council continuing to manage its workforce in order to minimise the need for involuntary labour reductions in the future;
   f) Continuous improvement of work practices.
EXTRACT 3 (WOOD PRODUCT MANUFACTURING)

2.2 Casual Employment

The proportion of casual to permanent employees will not exceed a ratio of one casual to 10 permanent employees.

The agreement will ensure that casual employment is not used as a cheap form of overtime or to avoid creating full time employment. Proper training and supervision for casuals will be a key part of this agreement as will the commitment of the employer to make any casual employee who works more than thirty hours per week over a period of three months and who wants permanent work, a permanent employee.

Casuals will not be offered the opportunity to work on weekends or to work overtime unless such overtime and weekend work has been offered to existing permanent part-time or full time employees first and such employees are unwilling to work additional hours.

The Company will not employ casuals to avoid the creation of full time employment.

Appropriate training and supervision of casuals will be provided and undertaken.

A casual employee will have preference of employment when any permanent positions become available

2.3 Part-time Employment

The parties agree that part-time work will only be carried out by employees who voluntarily choose to work part-time. All part-time employees will be offered full time employment when it becomes available.

The parties agree that part-time employment will not be utilised in the place of full time jobs.
EXTRACT 4 (CONSTRUCTION)

2.4 Predictable and Sociable Hours

The employer commits to the aim of ensuring that workers are not required to work unsociable hours. If an employee is asked to work unsociable hours that worker may do so voluntarily and will be compensated by being paid time and one half for the first two hours and double time for any time beyond 2 hours. Any work on a Sunday will be paid double time and any work on a public holiday will be paid double time and a half.

In addition to the above penalty rates any work done in excess of forty hours per week will attract time in lieu which will attract pay at one half the ordinary rate of pay. The taking of this time in lieu is voluntary and at times of the employees choice with at least 24 hours notice given to the employer.

Unsociable hours are any hours outside the daily hours Monday to Friday, 6.30am to 5.00pm.

An agreement can be reached separate to the above for sites working shift work where employees work voluntary shifts.

The parties agree and commit themselves to the concept of creating further secure employment opportunities within the enterprise. Workplace reform initiatives in this agreement will improve productivity and therefore the ability of the enterprise to examine new opportunities to increase employment levels.

The parties agree and commit themselves to creating employment opportunities for people with disabilities at appropriate award/agreement rates of pay in areas where they have interests, education and skills. This could mean people with disabilities working with support workers until they are proficient in all the tasks required of them. The parties shall recognise that specific measures may need to be taken and maintained to ensure that people with disabilities have the opportunity to work in an environment which is adapted to their needs.

The parties shall explore all avenues to develop methods to employ additional workers on a full-time basis. The parties agree to consider a programmed approach to increasing the number of full-time employees through examining the opportunities for increasing product range and/or value added manufacturing, investment in equipment and technology and new work processes. The staging of casual and part-time work into full-time positions should be examined where desired by employees. As part of this process, the parties may examine and analyse the employment profile of the enterprise, taking into account labour turnover, absenteeism and casual work with a view to developing a
strategy to reduce these problems. Casual and/or part-time employees will have first choice of any permanent positions that become available at the sites covered by this agreement.

The parties shall endeavour to commit 10% of job creation opportunities to people with disabilities.

The parties shall consider the introduction of traineeships. All trainees shall be obtained through the Forest and Forest Products Employment Skills Company.

The parties will develop agreed targets for such a staged approach and review employment targets at least every three months.

---

**EXTRACT 5 (CONSTRUCTION)**

6.2 Age discrimination

In recognition of a competency based approach to skills and work and consistent with Federal legislation that it is illegal to discriminate on the basis of age, it is agreed that all employees will get the full adult rate under this agreement for the level of work performed.

6.3 Trainees and Adult Apprentices

Apprentices or trainees will receive all the benefits and obligations of this agreement including the full access to wage increases and superannuation.
innovations in leave and flexible work practices

A number of agreements in the June quarter have introduced innovative leave approaches that help workers to combine work and family responsibilities. This section discusses briefly five clauses and provides extracts from the associated agreements. The first clause from the financial services industry recognizes that annual leave has not been well managed in the past and that employees have accrued excessive amounts of leave. While committing to the use of annual leave for recreational purposes the agreement allows for a one-off cashing out of leave in excess of 30 days.

The second clause from the public sector provides for the introduction of a voluntary flexible work agreement (VFWA) to balance work and life commitments. The VFWA may include a purchased leave scheme or a compressed week approach to flexibility.

The third clause from the health industry introduces a “voluntary wage banking system” which essentially allows employees access to an extra five weeks annual leave per annum. The scheme is open to both full-time and part-time workers. This clause provides comprehensive information on the operation of the scheme.

The fourth and fifth clauses, both from the public sector, provide support for workers with family responsibilities. The first of these clauses allows employees returning to work after parental or adoption leave to work on a part-time basis, while the final clause compensates workers for any incurred childcare costs if they are required to work outside normal hours at short notice.
EXTRACT 6 (FINANCIAL SERVICES)

9.4 "One-off" cash out of Excess Annual Leave
The Company recognises that annual leave is provided to enable employees to take a break from work and to enjoy a holiday with their families and friends. The Company also sees it as important for employees’ safety and general well-being that they take this opportunity each year and we believe that it is in the interests of the business that this happens for commercial, efficiency and safety reasons. Unfortunately, annual leave has historically not been well-managed, resulting in some employees going for long periods without using their full annual leave entitlement, building up excessive leave balances. Employees who have accrued in excess of 30 days annual leave may cash out part of their accrued annual leave providing that they retain a minimum of 20 days annual leave. This is a "one-off" opportunity and will be made available to employees within six (6) months from the date of certification of this Agreement. In order to qualify to cash out excess annual leave, an employee must have taken a minimum of two (2) weeks annual leave (either as a single block of 10 days or two separate weeks of five (5) consecutive days) in the twelve months prior to the time at which they cash out annual leave.

EXTRACT 7 (PUBLIC SECTOR)

CLAUSE 20. WORKLIFE FLEXIBILITY
Voluntary Flexible Working Arrangements (“VFWA”)
20.1 The parties acknowledge the mutual benefit to the department and employee of Voluntary Flexible Working Arrangements to balance work and other (including family) commitments. During the term of this Agreement, the department commits to the development of a policy on VFWA’s.
20.2 The Chief Executive will consider an employee’s request to participate in a Voluntary Flexible Working Arrangement having regard to both the operational needs of the business or particular workplace, and the employee’s circumstances. Consideration will be given to the impacts on team effectiveness, Occupational Health Safety and Welfare (OHS&W) issues and fire protection requirements.
20.3 This clause applies for the period an employee participates in a VFWA.

• Subject to this clause, the salary or wages payable to an employee, or applicable to a position, where the employee elects to participate in a VFWA, will be adjusted to take account of the VFWA in which the employee is participating, notwithstanding any other provision in, or Schedule of, this Agreement or relevant Award.
• Where an employee is participating in a Purchased Leave type of VFWA, the rate of pay to be used for calculating overtime payments, leave loading or shift penalties will be the rate of pay that would have been payable had the employee not been participating in the Purchased Leave arrangement.
• Where an employee is participating in a Compressed Weeks type of VFWA, the nominated normal hours for any day will constitute the employee’s ordinary hours for the day. Overtime will only be payable where the employee is required to work hours in excess of those ordinary hours on any day or in excess of the total of those ordinary hours in a week.
• Where, on cessation of employment, the department makes a payment in lieu of notice; or a payment in respect of accrued recreation or long service leave entitlements (instead of transferring leave credits to another public sector employer in the event the employee immediately becomes employed by that employer party), the payment thereof (or the transferred leave credits) shall have regard to any period/s in which the employee participated in a VFWA and will be adjusted accordingly.

EXTRACT 8 (HEALTH INDUSTRY)

4.10 Voluntary Wage Banking – Twelve month trial (commencing 1.7.05)
A full-time or part-time employee may by agreement with the employer, utilise a voluntary banking system to provide a maximum of an additional 5 weeks leave per year. The leave will be in addition to the other leave available in terms of awards.
4.10.1 Purpose.
The company is committed to providing flexible work arrangements which enable employees to balance work, family and personal responsibilities, while also ensuring that the staffing needs of the hospital are met.
As part of this commitment, the company agrees to introduce a pilot Voluntary Wage Banking system for full-time and part-time employees covered by this EBA. This arrangement is to be cost neutral to the company.
4.10.2 Date and period of operation.
This trial will commence on the pay period commencing on or after July 1st 2005 and will remain in operation for a period of 12 months.
If the employer decides to extend the trial or adopt the system permanently following the expiration of the 12-month trial, employees must re-apply to participate in the program for the next 12-month period. Each 12-month period stands alone.
4.10.3 Application.
a. The Voluntary Wage Banking system allows for an amount equivalent to 9.03% of gross ordinary time earnings to be deducted from the employee’s wage each fortnight and held in trust by the employer.
b. The wages will be taxed as per the ATO guidelines with the net amount being held in trust.
c. The employee may access the wages held in trust for payment during agreed leave without pay periods up to a maximum of five weeks per year.
d. Applications for such leave are to be made on the usual leave request form and are subject to management approval with the needs of the business taking priority over the needs of the employee.
e. The leave afforded in terms of this clause will be ‘leave without pay’ and accordingly, there will be no accruals for sick leave, annual leave and long service leave.
f. The periods of leave without pay will not count towards the next yearly increment (if applicable).
g. The occupational superannuation contribution will be applied to the wages as they are earned.
h. An employee may deduct from the wages in trust at any time by completing the appropriate form and forwarding it through to the pay office. The payment will be made in the next pay run.
i. An employee will be paid any wages held in trust on termination.
j. There will be no interest paid on any funds held in trust.
k. Funds held in trust at the end of the 12-month period will be automatically paid out to the relevant employees i.e. they will not carry over to the next 12-month period, which must be re-applied for.

4.10.4 Participation.
In all cases, participation in the Voluntary Wage Banking program is optional and at the request of the employee.
Employees wishing to participate in the program are required to apply in writing to their Front Office Manager.
An employee’s request for participation in the program will only be accepted if the employee has less than 6 weeks of accrued annual leave at the time of the request and works in an area that can accommodate the leave without pay.
Where approval has been given to participate, financial consent will be obtained in writing from the employee for the fortnightly deduction to be made prior to the commencement of the program.
The term of an employee’s participation in the program is 12 months.
The employee may request that the period of 12 months be reduced, subject to a minimum of 1 month’s notice to the employer.
At the end of the 12-month period, the employee will revert to their prior status before commencing the program. They must then apply for, and the hospital approve, an additional 12-month period.

4.10.5 Timing of Leave.
Applications to take the leave without pay under this program should be with 4 weeks notice, however in exceptional circumstances, applications with less notice will be considered.
EXTRACT 9 (PUBLIC SECTOR)

Return to Work on a Part Time Basis
20.8 Subject to this clause, if agreed between the Chief Executive and employee, an employee’s return to work after maternity or adoption leave can be on a part-time basis, at the employee’s substantive level, until the child’s second birthday.
20.9 The following conditions apply to an employee applying to return on a part-time basis:
• The Chief Executive will consider an employee’s request having regard to both the operational needs of the business or particular workplace, and the employee’s circumstances;
• The employee will provide such request at least 6 weeks prior to the date on which the employee’s maternity or adoption leave is due to expire, and will provide to the Chief Executive such information as may reasonably be required, including the proportion of time sought, and the date of the relevant child’s second birthday;
• At least 6 weeks prior to the relevant child’s second birthday, the employee will advise the Chief Executive whether the employee will revert to employment on a full-time basis or seeks to continue to be employed on a part-time basis.

EXTRACT 10 (PUBLIC SECTOR)

Reimbursement of Reasonable Child Care Costs
20.12 Where an employee, other than a casual employee, is given less than 24 hours prior notice that the employee is required to work outside of their ordinary hours of work, and consequently the employee utilises paid child care, the department will reimburse the reasonable child care costs incurred by the employee arising from performing such work, subject to the following requirements:
• The prior period of 24 hours is to be calculated from the time at which the work is to begin.
• The work, or the hour/s to be worked, is not part of a regular or systematic pattern of work or hour/s performed by the employee.
• The reimbursement will be in respect of the reasonable costs incurred by the employee in respect of the work.
• Reimbursement will be made for child care costs in respect of Registered Care or Approved Care after all other sources of reimbursement have been exhausted. Where the child care costs are incurred for child care not in a registered or approved centre,
reimbursement will be made in accordance with a child care reimbursement rate, and
guidelines, published from time to time by the Commissioner for Public Employment.
• The employee will provide the department with a Child Benefit Claim Form for
either Registered Care or Approved Care, tax invoice/receipt, or other supporting
documentation as may from time to time be required detailing the cost incurred, or
reimbursement sought, in respect of the work.
20.13 For the purposes of this clause, a reference to work is a reference to the work outside
the employee’s ordinary hours, or regular or systematic pattern of work or hour/s
including fire protection rosters, for which less than 24 hours prior notice is given.
employee assistance programs

As the labour market tightens, employers will need to focus on retention of staff and reducing employee turnover. Employee assistance programs may help employers to achieve these aims. A number of clauses from agreements registered in the June quarter take an innovative approach to dealing with increased employee stress and the need to improve employee fitness. The following section discusses these clauses and provides extracts from the associated agreements.

The first clause from the food manufacturing industry commits the employer to promoting the physical well-being and health and safety of employees. The employer will introduce a program to assist workers with drug and alcohol dependency, and will provide education programs on physical health, nutrition and stress management in the workplace.

The second clause, from the transport industry provides employees and their families with access to a counselling service. The agreement also commits to monitoring the use of the service to identify organisational-wide issues and trends in order to implement appropriate strategies to improve stress management in the workplace.

The third clause, from the education industry recognises that workplace stress can cause higher staff turnover, absenteeism, and workplace injury. It recognises that healthy workplaces have policies for dealing with stress and commits to implementing strategies to prevent and address workplace stress. Similarly, the fourth clause from the health and welfare industry recognises the need for effective strategies for managing stress.
EXTRACT 11 (FOOD AND BEVERAGE MANUFACTURING)

Clause 21 Fit for Life
The company and employees are committed to a healthy work environment. One which promotes physical well-being and an educative process aimed at improving the quality of life and safety of employees. At the same time recognising the standards of behaviour necessary to continue operating an efficient site. The parties will collectively address specific areas in order to achieve the main purpose of this clause by developing agreed policies in the following areas:

i. Alcohol and Drug Dependency – we will make every endeavor to assist employees identified as being dependent regular users. It is the intention to provide counseling, education forums and literature. Site policies will be developed and introduced to discourage any use of, or transactions between employees whilst on site. These policies may contain reference to infrequent random alcohol and drug testing, strict site disciplinary procedures.

ii. Physical Health – education will be provided about achieving a healthier lifestyle and employees should be encouraged to participate in regular physical activity outside normal working hours.

iii. General nutritional information will be provided on a regular basis to assist employees and their families have a balanced diet.

iv. Handling emotional stress – information will be available to employees who, for varying reasons, are finding it difficult to cope with the demands of society, or who may need emotional support and assistance for other reasons.

v. The safety, security and well-being of employees will not be compromised in relation to the matters outlined above.

vi. The company will provide available research data regarding shift work and the possible effect on employees.

EXTRACT 12 (TRANSPORT)

2 Employee Assistance Service
2.1 The Employee Assistance Service (EAS) is a professional counselling service managed from Brisbane which is committed to assisting workers and their families.

2.2 The EAS will act in a proactive manner to assist in the development of initiatives within the Organisational Health and Wellbeing Unit.

2.3 Employees of the service will participate in the full range of development opportunities the organisation provides them.
The parties acknowledge and agree to the overall principles which form the recommendations which have resulted from the Employee Assistance Service (EAS) Review completed on 18th December 2003. These recommendations will be implemented at the direction of the Executive General Manager Human Resources and delegated managers and will commence immediately upon certification of this agreement. These initiatives are attached as appendix A.

Appendix A
Initiatives of the Employee Assistance Service (EAS) Review include (but are not limited to):
1. Standardisation of client intake, case management and referral services.
2. Development and implementation of guidelines and protocols for the keeping (and management) of case notes.
3. Involvement in the overall development and implementation of comprehensive standards and specifications to govern the Employee Assistance Service (including confidentiality) within Organisational Health and Wellbeing.
4. Regular statistical reporting to the Manager Organisational Health and Wellbeing to be delivered through the Manager Employee Assistance Service. These reports will be made in relation to organisation issues and trends and make recommendations in relation to appropriate strategies. Anonymity in statistical reporting will be preserved at all times.
5. Participation in the systematic and ongoing evaluation of the Employee Assistance Service and the Organisational Health and Wellbeing Unit.
6. Development of an Employee Assistance Service with capability to provide professional advice and consultancy services.

EXTRACT 13 (EDUCATION)

6.13 Workplace stress
6.13.1 Preamble
The prevention and management of workplace stress helps secure a safer and healthier and more effective workplace for employees.
The term ‘workplace stress’ refers to those negative reactions people have to aspects of their environment due to pressures within the work environment.
The employing authority recognises its legal requirement to assess the working environment for systems and practices that may lead to negative stress response and to put into place preventative measures.
It is also recognised that policies which benefit employee health can improve productivity. Low levels of negative stress response are associated with low levels of staff turnover, absenteeism and low rates of injury. Workplaces that are perceived as healthy are characterised by clear policies and active methods of dealing with people which encourage:

a) respect for the dignity of each employee;
b) regular feedback and recognition of performance;
c) clear goals for employees in line with organisational goals;
d) employee input into decision-making and career progression; and
e) consistent and fair management actions.

6.13.2 Implementation
The employing authority agrees to the implementation of strategies to prevent and address workplace stress.

6.13.3 Managing Workplace Stress
Stress management interventions shall be based on prevention, management and minimisation strategies and are aimed at identifying and eliminating causes of workplace stress.

6.13.4 Structured Approach
A structured step-by-step problem solving approach involving participation and consultation shall be adopted to identify and focus on the real issues causing workplace stress.

6.13.5 Control Strategies
Control strategies shall be adopted to reduce the incidence of workplace stress.

---

**EXTRACT 14 (HEALTH AND WELFARE)**

24 STRESS MANAGEMENT
The agency recognises that the nature of the work conducted by the agency, at times can be stressful. In order to manage these stressful times, it is recommended that staff follow the documented procedures and approach their Senior in dealing with these issues. The employer will continue to explore the issue of effective stress management practices in the workplace in consultation with employees.
attendance bonuses and sick leave incentives

Innovations in attendance bonuses and sick leave incentives may allow employers operating in a tight labour market to extract improved productivity from their existing employees. The first clause in the following extracts is drawn from the manufacturing industry, and provides a bonus payment of up to five days per annum for the non-use of sick leave. The bonus does not displace the actual entitlement, and the employer may use their discretion in the case of an employee with a good record who has an extended period of sick leave in any one year.

The second extract (16) is from an agreement, from the pharmaceutical manufacturing industry. It provides for an incentive payment of 1.5 percent per annum for the non-use of sick leave.

The third clause (extract 17) recognises that employees who are genuinely ill should not attend work and should see their medical practitioner. This clause introduces an incentive payment based on the number of hours sick leave taken in a 12 month period.
EXTRACT 15 (MANUFACTURING)

18. ATTENDANCE BONUS
18.1 A bonus payment up to a maximum of 5 days ordinary pay excluding loadings, allowances and other payments may be paid to an eligible employee in the first full pay period to commence on or after the employee’s commencement anniversary date with the initial payment due where applicable in 2003 and where the employee has completed 12 months continuous service. This bonus scheme will not displace the actual entitlement for the accrual and taking of sick leave. The payment of the bonus will be in accordance with the following:

<table>
<thead>
<tr>
<th>Nil Sick Leave Days Taken</th>
<th>5 Days Ordinary Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Sick Leave Day Taken</td>
<td>4 Days Ordinary Pay</td>
</tr>
<tr>
<td>2 Sick Leave Days Taken</td>
<td>3 Days Ordinary Pay</td>
</tr>
<tr>
<td>3 Sick Leave Days Taken</td>
<td>2 Days Ordinary Pay</td>
</tr>
<tr>
<td>4 Sick Leave Days Taken</td>
<td>1 Day Ordinary Pay</td>
</tr>
<tr>
<td>5 Sick Leave Days Taken</td>
<td>Nil</td>
</tr>
</tbody>
</table>

18.2 Where an employee is struck with a prolonged and unexpected illness during a particular 12 month period as relied upon under this clause to calculate a benefit and the employee concerned has a good work and attendance history, management will give serious consideration to the circumstances and to utilising its discretion to provide no disadvantage in the application of the Attendance Bonus in respect of that employee.

EXTRACT 16 (PHARMACEUTICALS MANUFACTURING)

7.2.4 Incentive Payment for Reduction of Sick Leave
The parties acknowledge that the reduction of absences due to sick leave has a direct positive impact on productivity and the overall efficiency of the company and agree that a bonus incentive payment of 1 ½ % of ordinary time wages will be paid to an employee at the end of a 52 week cycle or prorated for an employee’s employment on a lesser period when the following criteria is met:

- An employee is eligible for a full bonus incentive payment of 1 ½ % of ordinary annual time wages when no sick/family leave is used in a 52 week or prorated cycle.
An employee will receive a pro rata bonus incentive payment of 1 ½% of ordinary annual time wages when the employee has unused sick/family leave in a 52 week or prorated cycle. The pro rata payment is based on 10 sick/family leave days in a year. The table below details how the incentive bonus is calculated:

<table>
<thead>
<tr>
<th>Number of Sick/Family Leave days used in a year</th>
<th>Incentive Payment of 1 ½% paid January each year based on Sick/Family Leave usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Full bonus</td>
</tr>
<tr>
<td>1</td>
<td>9/10 of bonus</td>
</tr>
<tr>
<td>2</td>
<td>8/10 of bonus</td>
</tr>
<tr>
<td>3</td>
<td>7/10 of bonus</td>
</tr>
<tr>
<td>4</td>
<td>6/10 of bonus</td>
</tr>
<tr>
<td>5</td>
<td>5/10 of bonus</td>
</tr>
<tr>
<td>6</td>
<td>4/10 of bonus</td>
</tr>
<tr>
<td>7</td>
<td>3/10 of bonus</td>
</tr>
<tr>
<td>8</td>
<td>2/10 of bonus</td>
</tr>
<tr>
<td>9</td>
<td>1/10 of bonus</td>
</tr>
<tr>
<td>10 or more</td>
<td>Not eligible for bonus</td>
</tr>
</tbody>
</table>

Absences due to workers compensation, long service or annual leave during the 52 week cycle will not affect incentive.

The objective of the Incentive Payment is to reduce the amount of Sick/Family Leave being used. The effectiveness of the program will be assessed by the company each year. If it is determined that the level of Sick/Family Leave has increased then the Incentive Program is to be re-negotiated at the next enterprise agreement.
21.1.2 This scheme continues to reward past exemplary attendance by recognising the accumulated hours as a starting point and also provides for all employees to begin with a zero balance therefore achieving additional incentive payments as their accumulation account builds up.

21.2 The Scheme

21.2.1 The scheme utilises the sick leave accrued at the commencement of the scheme or the commencement of employment as the starting base of each employee.

21.2.2 The scheme provides for graduated entitlement to the unused sick leave bonus as per the model detailed below:

<table>
<thead>
<tr>
<th>Unused Sick Leave</th>
<th>Entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 200 hours</td>
<td>20% of accrual</td>
</tr>
<tr>
<td>201 - 400 hours</td>
<td>40% of accrual</td>
</tr>
<tr>
<td>401 - 600 hours</td>
<td>60% of accrual</td>
</tr>
<tr>
<td>601 hours +</td>
<td>80% of accrual</td>
</tr>
</tbody>
</table>

21.2.3 The scheme proposes that at the resignation or retirement, an employee would be entitled to a bonus in accordance with the following formula:-

\[
(L_A F - L_A L) \times EP \times RP
\]

where

- \( L_A F \) = Sick leave entitlement on resignation/retirement.
- \( L_A L \) = Sick leave entitlement at the commencement of the scheme.
- \( EP \) = Entitlement percentage.
- \( RP \) = Hourly rate of pay at resignation/retirement.

21.3 Examples

21.3.1 Example One

(a) JB employed since 1976. At commencement of scheme he had 650 hours accrued sick leave. He resigned in 1999 with 760 hours accrued, and a rate of pay of $12.50/hour.

\[
\text{Bonus} = (760 - 650) \times 80\% \times $12.50
= 110 \times 80\% \times $12.50
= $1,100.00
\]

21.3.2 Example Two

(a) RT employed since 1989. At commencement of scheme she had 320 hours accrued. She resigns in 2004 with 740 hours accrued, and a rate of pay of $14.00.

\[
\text{Bonus} = (740 - 320) \times 80\% \times $14.00
= $4,704.00
\]

21.3.3 Example Three

(a) LG employed from 1998, (i.e. after scheme commenced), and left in 2002 with 220 hours accrued and a rate of pay of $13.50.

\[
\text{Bonus} = (220 - 0) \times 40\% \times $13.50
= $1,118.00
\]

21.3.4 Example Four
(a) ST employed in 1991. At commencement of scheme he had 260 hours sick leave accrued. He retires in 2020 with 940 hours accrued and a pay rate of $21.50.

Bonus = (940 - 260) x 80% x $21.50
= $11,696.00
innovative salaries and bonus payments

A number of agreements in this quarter have attempted to provide employees with improved financial reward while not necessarily increasing overall salaries. The first agreement from the agricultural industry allows employees two optional payment systems, either a piecework approach applied in addition to their ordinary rates of pay or a bonus work system.

The second clause from the paint manufacturing industry fosters teamwork and improved performance through the introduction of a gainsharing scheme for employees. The final clause, from the food and beverage manufacturing industry allows for a component of the employees salary to be paid as company shares.
EXTRACT 18 (AGRICULTURE)

During the life of the Agreement it is agreed that the following working arrangements will apply. These variations to the current Award may be implemented on a site by site basis following agreement reached through the consultative process.

11.1 Piece-work

11.1.1 A permanent vineyard employee at his or her own instigation may, with consent of the employer, elect to work on a piece-work rate basis in addition to their ordinary hours of work.

11.1.2 A casual vineyard employee at his or her own instigation may, with consent of the employer, elect to work on a piece-work rate basis during and/or in addition to their ordinary hours of work.

11.1.3 Conditions

(a) Piece-work rates are based on the Grade 2 rate of pay contained in this Agreement.

(b) The piece work rate set for working in ordinary time must enable an employee to earn a minimum of 20% above the ordinary rate of pay for a Grade 2 permanent employee.

(c) Rates will be agreed, in writing, between the Site Manager and the employee (or employee representative) before starting any work. The rate, once set, must not be altered unless it becomes obvious that the rate set is unachievable. In this case a new rate will be set.

(d) The rate set will be instead of the fixed time rate (i.e. hourly rate). The only exception would be if the piece-work income earned for the hours is less than the minimum payment required (refer (e) below). If this occurs the employee must be paid the minimum payment for those hours worked on piece-work.

(e) Minimum Payments/Safety Net (Averaged over the Pay Week)

Ordinary Hours
The minimum payment that must be paid to an employee for work in ordinary hours is based on the rate of pay contained in this Agreement at the employee’s own classification.

(f) To ensure that the employee is not paid less than the minimum payments required, a record of starting and finishing times including time worked on piece-work must be kept. This will allow the Site Manager to check that the employee is not paid less than the minimum payment as set out in (e) above.

(g) The option to work on a piece-work basis may be withdrawn in the event that an employee is unable to meet the piecework requirements necessary to achieve the minimum payments that must be paid to that employee based on the piece rate set out in (b) above.

(h) Rostered Days Off will accrue at the ordinary rate of pay contained in this Agreement at the employee’s own classification.

12.4 Bonus-work

12.4.1 A permanent employee at his or her own instigation may, with the consent of the employer, elect to work on a bonus rate basis during their ordinary hours of work.
12.4.2 Definition
(a) Work rate – is the number of units per hour set in accordance with clause 12.3.3b to be completed before any bonus payments are calculated.
(b) Bonus Rate – is the Rate per unit set in accordance with clause 12.3.3b payable for each unit over and above the work rate
12.4.3 Conditions
(a) The bonus rate will be equivalent to the piecework rate per unit as calculated for the same task.
(b) The minimum payment that must be made to an employee when working on a bonus rate basis for work in ordinary hours must not be less than what the employee would otherwise be entitled to receive, based on the rate of pay contained in the Agreement at the employee’s own classification.
(c) Bonus work is not available to be worked in addition to or outside of ordinary hours.
(d) The bonus rate must be paid on an each day stands alone basis.

EXTRACT 19 (PAINT MANUFACTURING INDUSTRY)

Gain Sharing
2.21 Gain Sharing Scheme
2.21.1 The company places a high priority on excellence, teamwork and superior performance. The Gain Sharing Plan is designed to foster, recognize and reward these priorities.
2.21.2 It is acknowledged that any payments to employees arising from the application of the Gain Sharing Scheme may vary from year to year and no minimum payment is guaranteed. This clause does not import the terms of the Gain Sharing Scheme into this Agreement.
2.21.3 The Gain Sharing Plan provides an earnings opportunity of up to 3.6% of your eligible compensation as outlined in 2.21.7(a), namely 40% of the maximum 9% unit savings.
2.21.4 An employee is eligible to participate in the Gain Sharing Plan if he/she:
(a) has at least six full months of service as a regular employee by the end of the plan year (December 31);
(b) is working at the company on the day in April when Gain Sharing Plan payouts are made. Retirees and employees on sick leave, salary continuance or Workers Compensation will receive payouts even if they are not at work on the day of the payout;
(c) is not a temporary or contract employee.
2.21.5 At the beginning of each fiscal year (January 1) each Gain Sharing Unit will set Cost Savings Targets. This will help focus on targets that are closely related to the job. New targets may be added during the year to help ensure total savings.
2.21.6 Targets
(a) Unit Targets must be meaningful, measurable and realistic.
(b) Targets must be consistent with local goals and the Quality Process
(c) New targets may be added during the fiscal year
(d) Savings may include improvements in productivity or efficiency as well as direct cost reductions
(e) Savings from targets identified during the plan year may be prorated between two plan years.

2.21.7 Determining Payouts
(a) Payout is based on performance against the Unit saving targets. The payout is a percentage of the eligible compensation received during the plan year (from the first pay period of the year through the last pay period). Eligible compensation includes base pay, overtime pay and shift penalties.
(b) Payout will be received in April following the end of the plan year (December 31) provided the Unit meets the eligibility requirement. Payout is taxable income.
(c) The Gain Sharing Plan measures each target individually. When all targets are added together Payouts are determined according to the following:

<table>
<thead>
<tr>
<th>Unit savings achieved as a % of total unit compensation</th>
<th>Results sharing performance factor payout percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.0</td>
<td>3.6</td>
</tr>
<tr>
<td>8.0</td>
<td>3.2</td>
</tr>
<tr>
<td>7.0</td>
<td>2.8</td>
</tr>
<tr>
<td>6.0</td>
<td>2.4</td>
</tr>
<tr>
<td>5.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Results will be pro-rata

EXTRACT 16 (FOOD AND BEVERAGE MANUFACTURE)

27. Employee Share Plan – Pre-Tax Contributions
27.1 The company and its employees may agree to apply an amount of the employees’ total remuneration for the purpose of purchase of Company shares.
27.2 If an agreement is made, the total remuneration payable to an employee will mean the entire benefit an employee is entitled to receive from the company pursuant to this Enterprise Agreement which includes any pre-income tax wage contribution.
27.3 The share scheme agreement will work in the following way:
27.3.1 An employee may accept the company’s offer as to whether a component of the total remuneration will be paid directly to the share scheme.
27.3.2 In the event this occurs a written agreement will be made between the company and the employee detailing:

- the agreed amount of the contribution;
- the net impact on taken home wage;
- the liability for taxation obligations; and
- administration expenses (if any).

27.3.3 The employee will be encouraged to seek independent advice.

27.3.4 The total remuneration including benefits and pay received will not be of a lesser value than the employee’s Agreement payment.

27.3.5 The company may limit the amount an employee is able to pay into the share scheme in order to comply with legislation.

27.3.6 An employee who elects to enter the arrangement will receive the benefits of this arrangement in lieu of the full leave pay when on paid leave.

27.3.7 All other entitlements, including termination payments, will be calculated on normal rates of pay.

27.3.8 The Company may amend or withdraw the benefits provided by this clause in the event of changes in Government legislation which affect the status (taxation or otherwise) of contributions.
4 technical notes

method for calculating average annual percentage wage increases (AAWI) per agreement

The total wage increase granted over the life of the agreement is divided by the number of months for which the enterprise agreement operates. This figure is then multiplied by twelve to generate an estimate of what the increase would be over a twelve month (annual) period. Estimates of average wage increases are calculated for those agreements that provide for a quantifiable wage increase. 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. Flat dollar increases are converted to a percentage by either: b) using the weekly rate of pay that applied prior to the new rates under the new agreement to calculate the equivalent percentage amount, or b) contacting the employer party to the agreement (AWAs excepted). Other non-quantifiable wage increases within an agreement, such as those that rely on award increases, inflationary (CPI) movements, or individual staff appraisals to determine quantum wage increases, are not included in these calculations. Where different quantum wage increases are given for different groups of workers within the same agreement, an average quantum wage increase is calculated and used. ACIRRT also uses a simple rather than compound percentage wage increase.

The wage increases are those that affect ordinary weekly earnings (base rates of pay). AAWI figures do not include payments in addition to base rates (such as overtime, bonus payments, one-off annualisation of salaries, performance pay, profit-sharing, allowances etc). Wage agreements whose average percentage increase could not be quantified (e.g., those introducing a new salary structure) are also excluded from these estimates.

Due to delays in the registration process, some agreements will only run officially for a couple of months. Where is it apparent that the official duration of the agreement is unduly short (i.e. less than 9 months), such agreements are excluded from the calculations so as not to artificially raise the estimate of average annual increases contained in all agreements.
Sample

As at June 2005, the ADAM Database has information on 12,814 enterprise (collective) agreements registered since 1993 in the Federal and State jurisdictions as follows:
Federal (6449), NSW (2088), SA (945), Queensland (2132), WA (1200).

report written by

Larissa Bamberry. Coding and data entry by Larissa Bamberry, Kalina Christova, Helen Conomos, Melissa Kerr, Olga Kirzner, Troy Sarina, Jean Louise Vergara and Elizabeth Walker

special issue written by

Larissa Bamberry

about the ADAM Database

Since 1993, acirrt has maintained the Agreements Database and Monitor (ADAM), Australia’s most comprehensive and authoritative database of enterprise agreements. With detailed up-to-date information on over 10,280 federal and state enterprise agreements and over 1,200 federal AWAs, ADAM is an invaluable resource that is frequently used by IR/HR practitioners, economic analysts, researchers, policy makers, and academics. Information from the ADAM Database is available in two ways:

1. the quarterly ACIRRT ADAM Report (via purchase of single issues)
2. customised ‘ADAM Special Reports’ which are fee for service reports tailored to your information needs

For more information or a no obligation customised quote call Larissa Bamberry on:
Ph: 02 9351 5713
Fax: 02 9351 5615
Email: l.bamberry@econ.usyd.edu.au
Web: www.acirrt.com

about acirrt, University of Sydney

Based at the University of Sydney, acirrt is one of Australia’s leading, multi-disciplinary, research and training organisations. We monitor and analyse the changing nature of work. Integral to this is an examination of the wider institutional, economic and social structures as they impact on the workplace, organisations and individuals. acirrt retains a broad labour market perspective, and enjoys a reputation for independent, authoritative, rigorous and innovative research. Our clients include employers from the private and public sectors, employer associations, unions, community based organisations and both Coalition and Labor Governments.