

ADAM
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Contents

Section 1 wage trends

wage increases in june 2004 quarter agreements	3
high wage outcomes in June 2004 quarter agreements	5
wage outcomes in current collective agreements	7

Section 2 special issue

W(h)ither Performance Pay?	8
----------------------------------	---

Section 3 innovative provisions

bonus payments.....	14
flexibility in hours and remuneration	17
drug and alcohol policies.....	19
other innovations	24

Section 4 technical notes

method for calculating average annual percentage wage increase (AAWI).....	26
about the ADAM Database	27
about acirrt, University of Sydney.....	27

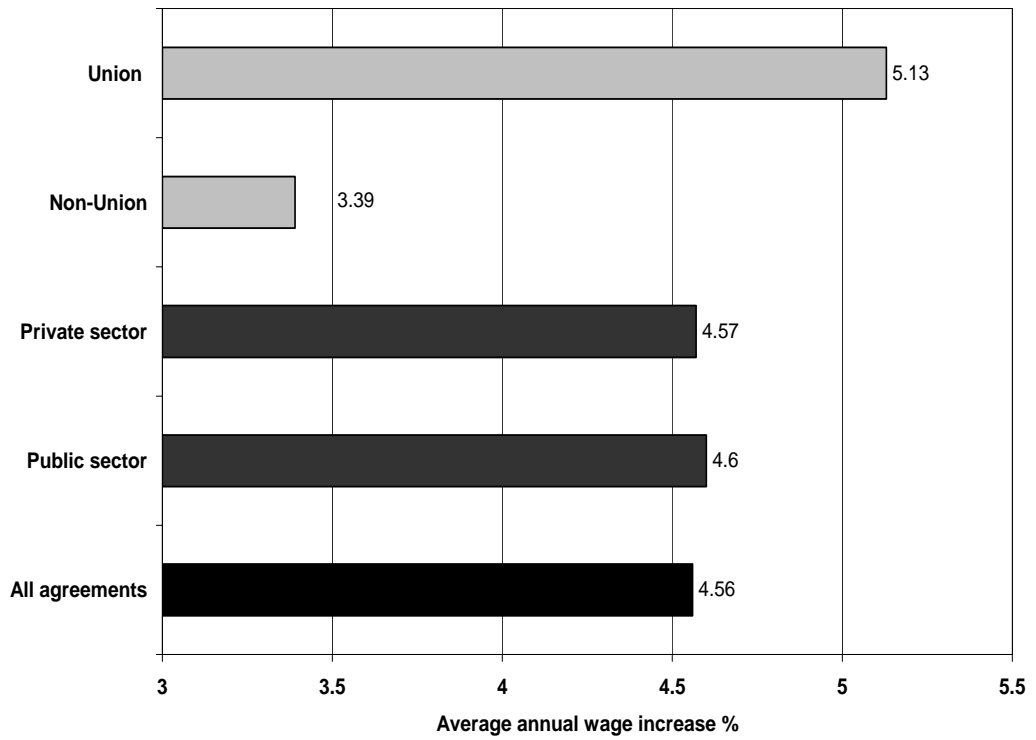
1 wage trends

wage increases in june 2004 quarter agreements

The average annual wage increase for certified agreements registered in the June 2004 quarter was 4.6 percent (per agreement), up by 0.35 percentage points from 4.25 percent in the March 2004 quarter.

A widening gap between average annual wage increases in union and non-union agreements has been reported over the last 12 months (*ADAM Reports 37, 38, 39 & 40*), closing slightly in the March 2004 quarter. In the June 2004 quarter this gap has again widened to 1.8 percentage points. Figure 1.1 below shows that in the June 2004 quarter, the average annual wage increase was 5.1 percent in union agreements and 3.4 percent to non-union agreements. Private sector agreements certified in the June 2004 quarter have shown an increase in average annual wage increases from the previous quarter from 4.3 percentage points to 4.6%. While in the public sector, average annual wage increases have improved from 4.1 percent in the March quarter to 4.6 percent.

figure 1.1: June 2004 quarter average annual percentage wage increase



Source: ADAM Database, 2004, acirrt, University of Sydney

Note: Government Business Enterprises and Non-profit agreements have been excluded due to small sample size

high wage outcomes in June 2004 quarter agreements

This quarter saw the continuing trend of linking wage increases to both numeric and functional flexibility. One agreement from the aged care sector has increased the normal hours of work to meet the demands of the industry. Underpinning these arrangements is a commitment to developing a more collaborative approach between the employer and employees. This is recognised in the requirement for mutual agreement before any modification to hours worked takes place. In contrast, another agreement from the construction industry decreased the normal hours of work from 38 hours per week to 36 hours. In exchange for this reduction in hours worked, employees are no longer entitled to rostered days off. An agreement from the electrical industry attempted to improve the level of functional flexibility through the introduction of a new classification and competency based structure. Employees under this system are encouraged to develop their skills and competencies through company based training.

Other trends included the absorption of allowances and the simplification of shift penalty rate payments that had been commonly found in awards. Some of the more common allowances that were absorbed included uniform, first aid and productivity allowances. One interesting innovation found in an agreement from the aged care sector has incorporated the afternoon and night shift rates into one flat penalty rate.

The final agreement from the building materials sector provided for both a productivity and safety bonus. As a result employees are eligible to receive an annual lump sum payment conditional on meeting certain performance indicators. In this agreement the employer has attempted to reconcile to need to increase productivity without sacrificing workplace safety

Table 1.1: Key features of higher than average wage increases in June 2004 quarter enterprise agreements

Industry (AAWI)	Key Provisions
Building Materials (AAWI 14.77%)	<ul style="list-style-type: none"> • This 13 month agreement provides employees with a guaranteed total wage increase of 16% over two installments. The first increase of 14% will be paid on certification with the remaining 2% on the anniversary date of the agreement. Several allowances which had previously been provided under the award were also absorbed into the wage increase. These include a first aid allowance, productivity allowance and service allowance. • Higher wages in part compensate for delay in negotiating the enterprise agreement. The previous agreement expired in 2001 and it appears that employees have not received any wage increases since the last agreement. • The agreement also provides for a productivity bonus. Employees will receive an annual payment equivalent to 1% of their annualised wage if certain productivity targets are met. These include efficiency targets and adherence to quarterly vehicle inspection schedules. • A safety bonus was also incorporated into this agreement. Employees receive an annual payment equivalent to 1% of their annualised wage if certain productivity targets are met. These include a complete removal of any time being lost due to injuries over the last 12 months as well as achieving complete conformance with all safety audits.
Aged Care Sector (AAWI 10%)	<ul style="list-style-type: none"> • This 19 month agreement provides for a guaranteed wage increase of 15% to be paid over 3 equal installments of 5%. • Part of this wage increase was in exchange for the absorption of allowances previously provided for under the award such as uniform allowance. • This agreement also modified the relevant award provisions pertaining to shift work. Afternoon and Night shift penalty rates were replaced with a general loading of 17.5% for all hours worked between 6pm and 7am. This was in recognition of the increased flexibility required to meet the needs of organizations within this industry. • A commitment to increased numeric flexibility was also evident in the agreement. Upon mutual agreement between the parties, the ordinary hours of work for any shift can be increased to 10.
Electrical Industry (AAWI 7.88%)	<ul style="list-style-type: none"> • This 36 month agreement provides employees with a total wage increase of 21%. These wage increase are paid in three installments: On certification employees receive 13%. The remaining 8% will be paid in two equal installments of 4% on the anniversary dates of the agreement. • This agreement also provided for the introduction of a new classification system and competency based structure.
Furnishing Sector (AAWI 7.06%)	<ul style="list-style-type: none"> • This 17 month agreement provides employees with a total wage increase of 10%. Employees will receive three wage increases in three installments: 1% on certification 4% twelve months after certification and the final 5% 15 months after certification. • This agreement provides employees with additional leave benefits. Employees currently receive 13 rostered days off per year under the new agreement employees will receive an additional 4 paid days off.
Construction Sector (AAWI 6.55%)	<ul style="list-style-type: none"> • This 24 month agreement provides a guaranteed total wage increase of 13.5%. The wage increases are paid in three installments: 4% on certification; 4% twelve months after certification; and, 5% six months later. • The higher wages compensate for an increase in flexibility of hours of work. This flexibility of hours has seen the working week reduced from 38 hours to 36 hours per week and the absorption of rostered days off.

Source: ADAM Database, 2004, acirrt, June 2004 Quarter, University of Sydney.

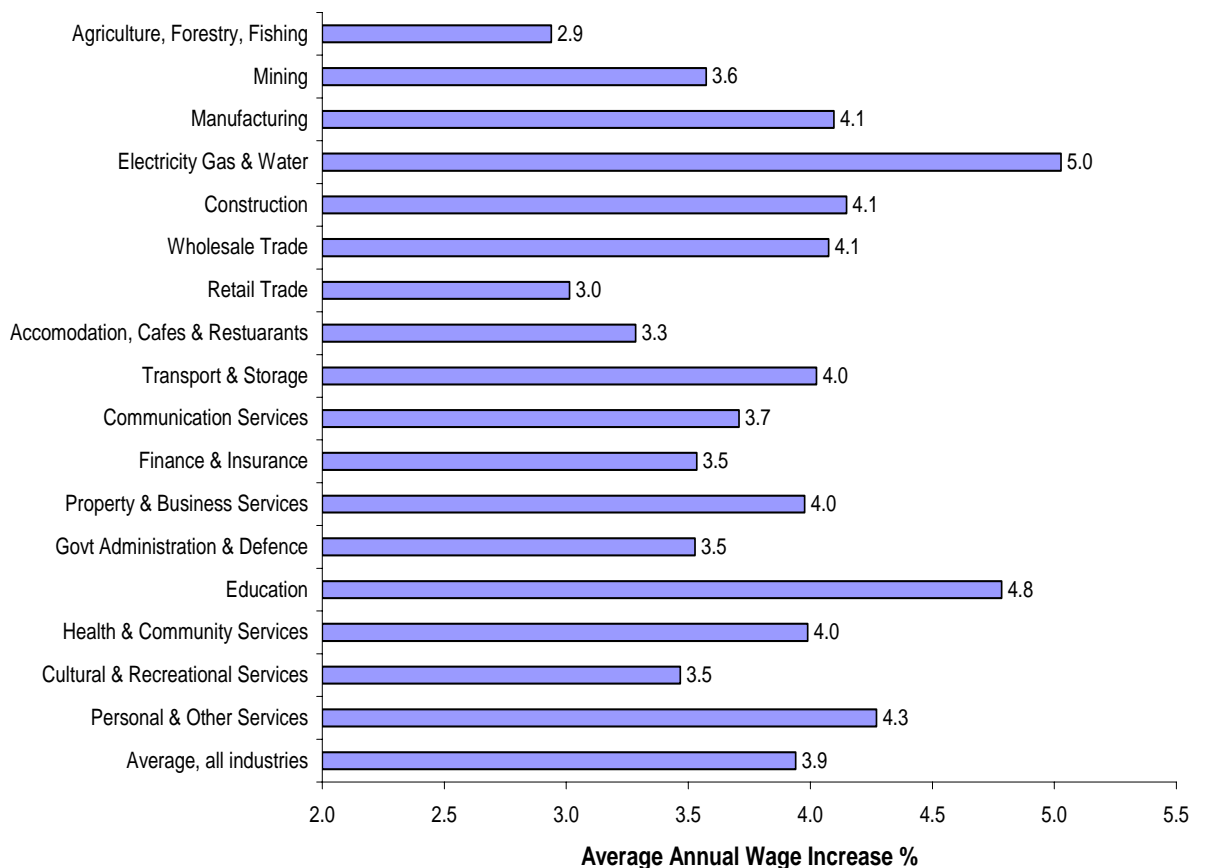
Note: High wage agreements are defined as those delivering an AAWI of 5% or above.

wage outcomes in current collective agreements

The average annual percentage wage increase for all currently operating agreements (as at the end of June 2004) was 3.9 percent (per agreement).

There has been little change in average annual wage increase by industry since the previous *ADAM Report No 41*. Figure 1.2 shows that the electricity, gas and water industries continue to lead wage increase outcomes, climbing to 5.0 percent. Manufacturing agreements are holding constant at 4.1 percent in both the June and March quarters. The agriculture (2.9 percent), retail trade (3.0 percent) and accommodation, cafes and restaurant (3.3 percent) industries provided the lowest annual wage increases.

figure 1.2: wage increases in currently operating agreements, by industry



Source: ADAM Database, 2004, acirrt, June 2004 Quarter, University of Sydney.

2 special issue

W(h)ither Performance Pay?

The 1990s witnessed a surge of interest in, and growing experimentation with, performance-related pay (PRP) methods in Australian organizations; experimentation arising largely from the shift from 'centralised' award-making to 'decentralised' modes of bargaining and pay determination for non-managerial employees, particularly via enterprise bargaining. Legislative changes during that decade, culminating in the Federal Workplace Relations Act 1996 certainly widened the scope for the adoption of 'flexible' pay practices tailored to enterprise and individual needs. Flexibility was the by-word for workplace change following the economic recession of the early 1990s. Along with numerical, functional, and temporal flexibility, financial flexibility – that is, pay linked to performance – was frequently touted as an essential ingredient for micro-economic 'reform'. Given this, we might expect to find increasing provision for PRP practices of various types in Australian industrial agreements. Yet the data contained in ACIRRT's Agreement Database and Monitor ('ADAM'), and covering over 11,000 collective agreements made at federal and State level since 1993, tells a very different story. If the contents of these collective agreements are any guide, since the economic shake-out of 2000-2001, enthusiasm for most forms of PRP has waned significantly. At the same time, the profile of PRP and other pay practice provisions reveals some significant content differences depending on whether the agreement is federal or State, public or private sector, and union or non-union.

Overall trends in new agreement provision for PRP and other forms of flexibility

A trend comparison of broad provisions for flexible work practices in new collective agreements made in the decade to 2003 reveals very clearly the recent ebb of interest in PRP. Table 1 highlights the long-term shift away from PRP relative to other flexibility initiatives in new collective agreements commencing in 1994, 1997, 2000 and 2003.

Table 1. Flexibility Provisions in Federal and State Collective Agreements Commencing in 1994, 1997, 2000 and 2003

	1994 n=587	1997 n=1,287	2000 n=1,074 ¹	2003 n=531 ¹
Any reference to performance-based pay	25.7	26.4	19.3	15.6
Any reference to flexible hours	39.2	46.5	55.0	59.1
Any reference to numerical flexibility	11.9	18.7	46.3	36.2
Any reference to casuals	22.0	42.2	64.5	62.5
Any reference to non-permanent employment	28.6	48.6	74.7	70.8
Any reference to functional flexibility	39.7	33.6	45.2	42.0
Any reference to training	50.8	54.9	66.9	66.3
Any reference to family-friendly measures	4.1	14.0	19.9	20.7

1. Excludes agreements not fully coded: for 2000 n=165; for 2003 n=297.

Since 1997, the proportion of all agreements making any reference to PRP fell from 26.4 per cent to 15.6 per cent. By contrast, key provisions relating to temporal flexibility (e.g. discretion to vary hours, averaging of hours, span of hours), numerical flexibility (e.g. provisions relating to casuals and other non-permanent forms of employment), and functional flexibility (e.g. task range, multi-skilling, teamworking, training), have all become more prevalent in agreements made over the course of the decade 1994-2003. For instance, in 1994, 39.2 percent of all agreements contained flexible hours provisions; by 2003, this had increased to 59.1 per cent. A similar growth trend is also evident regarding the more employee-focussed flexibility initiatives associated with family-friendly practices. Of these forms of flexibility, only PRP seems to have fallen markedly out of favour. Indeed, by 2003, PRP was the least widely adopted of all of these flexibility practices.

One possible reason for the overall slippage of interest in PRP is that such practices generally have a short 'shelf life' and are frequently 'high maintenance' in nature. While union opposition to PRP is well known, it may be that many employers (or, more precisely, those entering into collective agreements) have also decided that most forms of PRP are more trouble than they are worth. Of course, it may also be that employers with the bargaining power to dominate agreement-making have simply decided against *codifying* PRP practices in agreements. Could it be that the decline in agreement provision is more apparent than real? Either way, why might it be that the parties are now accentuating other forms of flexibility in agreements? Ascertaining the precise reasons for the apparent retreat from PRP certainly constitutes a promising field for further research.

Trends in the incidence of specific pay practices

Is the decline in PRP provision more pronounced for some pay practices than others? Table 2 shows the long-term changes in agreement provision for specific pay practices between 1994 and 2003.

Table 2. Performance-related pay provisions in federal and state collective agreements commencing in 1994, 1997, 2000 and 2003

	1994	1997	2000	2003
	n=587	n=1,287	n=1,074 ¹	n=531 ¹
Pay Increase Provisions:				
Pay increase of any type	72.2	78.0	92.1	84.6
Increase linked partly of fully to performance	19.6	13.7	11.1	4.7
Increase linked to productivity improvements	19.6	12.0	2.7	0.8
Increase linked to KPIs	n.a.	n.a.	7.3	3.2
Increase linked to individual performance appraisal	n.a.	n.a.	3.3	0.8
Pay increase determined by CPI	n.a.	0.9	5.9	6.0
Remuneration Practice Provisions:				
Individual performance or merit payments	6.0	3.8	3.0	0.9
Progression/promotion based on acquisition of defined skills	8.0	15.1	11.2	9.0
Progression based on individual performance appraisals	n.a.	n.a.	5.8	4.3
Group bonus payments	0.3	7.2	8.3	7.0
Gainsharing	4.1	5.3	0.6	2.8
Employee share scheme	n.a.	0.4	0.2	0.4
Profitsharing	0.3	1.0	0.9	0.6
Piecework payments	0.3	1.2	1.5	2.3
Job evaluation	n.a.	0.3	2.0	4.0
Employee benefits (any reference)	n.a.	1.8	4.9	22.0

1. Excludes agreements not fully coded : for 2000 n=165; for 2003 n=297

Looking first at provisions relating to pay *increases*, we find that there has been a decline in all forms of performance-contingent pay increases, including increases linked to 'hard' results (e.g. productivity measures and key performance indicators) and to the individual behavioural measures characteristic of supervisory performance appraisal. The decline in provision for productivity-linked pay increases has been especially marked: from 19.6 per cent of new agreements in 1994 to less than 1 per cent in 2003. A major factor here has probably been the end of the era of Accord-based productivity-based collective bargaining in 1996. Conversely, over the same period, there has been a consistent increase in provision for consumer price index based pay increases. The historically low levels of inflation in the Australian economy in recent years have undoubtedly made CPI-based wage adjustment more attractive to employers.

Turning to provision for specific pay practices (including those not necessarily tied to prescribed pay increases) we find a substantial decline in provision for individual appraisal-linked pay and progression, as well as in progression based on skill acquisition. For collective incentive plans (group bonuses, gainsharing, profit-sharing, share plans) there is no clear long-term trend – although there is certainly no growth trend. It seems, then, that the greatest shift has been in provision for individual incentives, and especially in merit pay; that is, in appraisal-linked payments. Management critics and unions alike argue that individual performance appraisal is prone to rater unreliability and bias, and to felt-unfairness. Like skill assessment, performance appraisal is also prone to becoming cumbersome and bureaucratic. Somewhat surprisingly, the only PRP practice that has experienced a clear increase in agreement presence over the decade to 2003 is piecework, which, of course, is hardly a novel practice, relying as it does on output-based measures of individual performance rather than on behavioural observation and judgment.

Overall, then, PRP has experienced a diminishing presence in collective agreements, particularly since the end of the 1900s. Significantly, the two pay practices showing the strongest growth in agreement recognition since 1994 are job evaluation and employee benefits – neither of which are performance-related.

PRP incidence by agreement type

So far, we have considered only aggregate trends. Could it be that the pattern on PRP practice provision varies significantly between agreement types? To address this question, we have pooled all agreements commencing between 1 January 2000 and 31 December 2003 – a total of 3,242 fully-detailed agreements – then, compared pay practice incidence in each of three agreement categories: (i) federal vs State; (ii) public vs private; and (iii) union vs non-union. (Space constraints preclude analysis of agreement content by industry and occupation.) Independent samples t-tests have been applied to identify statistically significant differences within each category pair. Table 3 presents the results of this analysis. These data indicate substantial heterogeneity in PRP practice provision in recent agreements.

Table 3. Pay Provisions in Federal and State Collective Agreements, 2000-20031: Significant Differences by Agreement Type²

	Federal	State	Public	Private	Union	Non-union
	n=1,296	n=1,946	n=621	n=2,621	n=2,421	n=821
Pay Increase Provisions:						
Pay increase of any type	89.9	88.9	82.6	90.9	91.9	81.5
Increase linked partly or fully to performance	10.6	7.3	13.4	7.5	8.6	8.9
Increase linked to productivity improvements	2.6	1.6	3.7	1.6	2.2	1.5
Increase linked to KPIs	5.3	5.2	9.2	4.3	5.8	3.8
Increase linked to individual performance appraisal	4.4	1.5	3.1	2.6	2.0	4.5
Pay increase determined by CPI	6.3	11.7	4.2	10.8	10.5	6.6
Remuneration Practice Provisions:						
Any reference to performance-based pay	23.4	14.5	20.1	17.6	16.9	21.4
Individual performance or merit payments	3.5	1.2	2.1	2.1	1.9	2.8
Progression/promotion based on acquisition of defined skills	11.2	10.5	8.9	11.3	11.7	8.0
Progression based on individual performance appraisals	9.0	4.7	12.6	5.0	6.4	6.3
Group bonus payments	10.6	5.5	5.6	8.0	6.4	10.7
Gainsharing	3.0	2.3	1.9	2.7	2.5	2.9
Employee share scheme	0.7	0.1	0.0	0.4	0.4	0.1
Profitsharing	0.8	0.4	0.8	0.5	0.6	0.5
Piecework payments	1.6	2.1	0.6	2.2	1.4	3.3
Job evaluation	4.2	1.6	6.6	1.7	2.9	1.8
Employee benefits (any reference)	16.8	10.3	10.0	13.6	12.9	12.9

1. Agreements commencing between 1 January 2000 and 31 December 2003, n=3,242; excludes 2000-2003 agreements not fully coded, n=775.

2. Significant in-category differences are bolded, with higher incidence underlined; independent samples t-tests; sig. at p<0.1, two tailed.

Looking firstly at the contrast between agreements made under federal and state jurisdictions, we find that provision for PRP and most other pay practices is significantly greater in federal agreements. Compared with State agreements, federal agreements make greater provision for PRP generally, individual merit/appraisal pay, group bonuses, and pay increases linked to performance/productivity/appraisal. Federal agreements also make greater provision for job evaluation and employee benefits. The only practice for which State agreements make significantly more provision is CPI-linked pay increases.

Turning to the contract between public and private sector agreements, we find that public sector agreements make significantly more provision for pay increases linked to performance appraisal/productivity/performance indicators, as well as form merit/appraisal pay and job evaluation. Conversely, private sector agreements are more likely to accentuate CPI-linked increases, progression based on skill assessment, group bonuses, piecework and benefits. Significantly, private sector agreements are also more likely to prescribe a pay increase of any sort. Overall, public sector agreements are almost twice as likely to provide for performance-contingent pay increases as are those for the private sector (13.4 per cent as opposed to 7.5 per cent). On almost all counts, then, public sector agreements are more likely to incorporate individual PRP provisions, particularly those linked to performance appraisal, than are those for private sector employees. Given the Howard government's longstanding objective of imposing a 'performance culture' and PRP across the Australian Public Service, this is perhaps an unsurprising finding.

Finally, focusing on the union/non-union contrast, the results indicate that union agreements are significantly more likely to prescribe a wage increase of any sort, increases linked to performance indicators, CPI-linked increases, skill-based progression and job evaluation. On the other hand, non-union agreements make greater provision for PRP of any sort, increases linked to performance appraisal, group bonuses and piecework. Since unions are generally averse to PRP, particularly to both individual performance appraisal and piecework, these differences are unsurprising. The higher propensity of non-union agreements to incorporate group bonuses is less easily explained, but may owe something to union suspicion of the decollectivising potential of team-based incentives and work cultures. The larger point, though, is that PRP provisions differ substantially between these two broad agreement categories.

Conclusion

The preceding findings indicate that while the agreement profile of performance-contingent payment methods – from individual merit pay to skill-pay and group incentives – rose substantially during the 1990s, recent years have witnessed a general trend away from PRP and towards other forms of flexibility in collective agreements. If the content of these agreements can be taken as a reliable guide, then any suggestion of a continued trend towards performance-contingent remuneration for Australian employees must be regarded with considerable skepticism. It seems that since the beginning of this decade the parties to collective agreements have decided (albeit perhaps for very different reasons) that other forms of flexibility – temporal, numerical, and functional – hold greater promise. By the same token, aggregate trends may conceal important underlying differences. Indeed, as we have seen, the ADAM data shows substantial variation in pay practice provision by agreement category, with Federal, public sector and non-union agreements being more likely to provide for PRP increases and practices than State, private sector and union agreement. Given this, it would be most unwise to predict the general demise of PRP as an award provision, let alone as a workplace presence. Moreover, as with many other changes in employment practice over the years, change here may well be cyclical rather than linear.

3 innovative clauses

Bonus payments

As identified in the Special Issue of this report, evidence from the ADAM database suggests that performance related pay is declining in importance in enterprise agreements. Group bonus schemes are one incentive scheme that appear to be less affected by the decline. In the June quarter a number of agreements have produced innovative approaches to group bonus payments.

The first clause from the transport/waste services industry links bonus payments to achievements of key performance indicators such as the reduction in damage to equipment. The second clause from the building material manufacturing industry provides a bonus to staff for reducing re-work and breakdown costs, completion of administrative tasks and improvement in the proportion of billable hours. The final clause rewards employees for reducing accidents and maintaining tools to a high standard.

EXTRACT 1 (TRANSPORT/ WASTE SERVICES INDUSTRY):***Standardised Individual/Group Performance Bonus***

25.1 Permanent full time employees have the opportunity of receiving the bonus payments specified below if the following KPI's are achieved. The bonus will be measured and paid quarterly.

The target reduction in at fault accident damage, is shown below.

Current at fault average accident damage = \$580 / quarter

Target at fault actual accident damage = \$460 / quarter

Quarterly Bonus = \$100 / quarter

Truck Drivers will be measured based on accident damage to trucks that they are driving

Runners on trucks will be measured based on accident damage to trucks whilst they are manoeuvring in a location that would have benefited from guidance from outside the truck (e.g. reversing or manoeuvring in a tight area) subject to determination of fault from accident investigation

Bin Pullers will receive half of the Quarterly Bonus (i.e. \$50 per quarter) based on at fault accident damage to utes that they are driving (values as shown above), and the other half (i.e. \$50 per quarter) for achieving less than two (2) noise complaints per quarter (excluding complaints for normal operational noise)

Staff will be measured based on accident damage to site equipment

25.2 The bonus will be based on personal performance measured over intervals of three months. If an individual achieves a level of at fault accident damage that is less than the target, they will be paid the Quarterly Bonus on the last pay day of the calendar month after the end of the quarter.

25.3 For the purpose of determining the actual accident damage, quarters shall be successive periods of three calendar months commencing on the 1st July 2003 . In the event that the value of a claim is not determined at the time of making the quarterly bonus payment, an estimated value will be used. In the event that the final damage cost for the quarter is different from the estimate, the appropriate adjustment will be made to the bonus payable for the subsequent quarter.

25.4 For the purpose of calculating the bonus, accident damage costs shall exclude accidents claimable against other parties or those where no fault can be attributed against the driver (e.g. where the driver has identified a potential hazard and that hazard has not been rectified, accidents directly result) even if the company makes a commercial decision to pay the cost of a claim.

25.5 In the event that an employee fails to report a vehicle accident, that employee will not be entitled to any bonus payment for that quarter and the subsequent three (3) quarters.

EXTRACT 2 (BUILDING MATERIALS MANUFACTURING INDUSTRY):**(4) Productivity Bonus**

A productivity bonus has been added to this agreement.

A bonus equal to 1% of an annualised average 38 hour week of the rate prevailing at that time will be payable annually if the productivity targets are met. The targets are.

- 1. Achieving 90% charge out of labour of hours worked.*
- 2. Vehicle inspection schedule up to date, measured quarterly.*
- 3. Nil re work and breakdown frequency of repairs carried out, measured by non-conformances raised and by the Supervision Staff.*

EXTRACT 3 (BUILDING INDUSTRY):***Performance Incentive***

Each employee will be paid a bonus of \$50.00 per calendar month, where they have been employed for the full calendar month and based on employee adherence to the following conditions;

- (a) Adherence to the Company's OH&S Policies / Procedures, including the requirement for all employees to have their Safety Equipment Protective Clothing on hand at all times.*
- (b) Elimination of careless accidents to vehicles and equipment by employees.*
- (c) Maintenance and upkeep of all plant / equipment / vehicles.*
- (d) Maintenance and upkeep of tools ensuring they remain on hand at all times (ie/ not left lying -on] over a work site)*
- (e) Prompt and correct completion of Daily Inspection Plant Checklists (for all plant) at the completion of each week.*
- (f) Maintain workplace in a tidy manner including site storage areas.*

25.3 Failure to comply with the above stated objectives by any employee, in any given calendar month, will result in all Company employees losing their entitlement for that period.

When payable, this bonus / entitlement will be paid into each individual employee's ACIRT fund on a monthly basis.

flexibility in hours and remuneration

Flexibility in hours remains an important issue for employers and for workers in recently registered agreements. Several agreements this quarter have innovative provisions concerning the flexible use of extra hours worked. Banking of hours can provide employers with numerical flexibility, allowing them to call on workers during periods of peak demand, while allowing greater time-off during quieter periods. Such arrangements can also help employees to use their time more effectively and reduce absenteeism.

The first provision is from a local council agreement. It stipulates the establishment of a "Wet Weather Bank". Extra hours worked will be banked, and at times when wet weather prevents work being done and no job-related training is possible, management may direct employees to take some of their banked time off. At the end of the year, each employee may decide to have any time saved in the Wet Weather Bank greater than 17 hours paid out in single time, added to their time off in lieu account, or granted as extended annual leave, in which case 17% leave loading is added.

The second agreement is from the transport industry. Here, payment for extra time worked is withheld and added to a Wage Accrual entitlement. These entitlements are paid to the employees as a lump sum at the end of each year or in special circumstances of financial difficulty. They may also be converted into a paid leave day at the request of the employee.

EXTRACT 4 (LOCAL GOVERNMENT SECTOR):**9.3 Provision for Wet Weather**

Employees who are unable to work effectively in wet weather will work extra hours to be banked for -use during wet weather periods. The detailed arrangements will be as follows; (a) Council will establish a " Wet Weather Bank" separate from the TOIL account for the relevant employees, with the balance of both accounts shown on pay slips separately. (b) The relevant employees will work in extra time to be saved in the Wet Weather Bank. This time may be worked in at times and in a manner acceptable to both management and staff. In the case of a construction gang, working times should be consistent across the entire gang. A minimum balance of 17 hours is to be maintained.

(c) When wet weather prevents useful work being done, management may direct staff to take time off, provided time is available in the Wet Weather Bank, up to ten times per year, each day or part thereof constituting one "time". Notice will be given as early as practicable.

(d) The Wet Weather Bank may accrue up to a maximum of 76 hours, after which any extra time worked will be regarded as TOIL (see clause 9.2)

(e) Each Christmas, the balance of any employee's Wet Weather Bank greater than 17 hours, shall be reduced to 17 hours. Employees will have the choice of either being paid out at a single time, adding the time to their TOIL account, or having their annual leave extended, or a combination of all three. Where the employee elects to have his or her leave extended, the extra leave will also attract 17%2 leave loading.

(f) Where possible, management will arrange to carry out job related training during times when work cannot be done, instead of utilising the Wet Weather Bank. This will depend on the availability of trainers at short notice and the need for the training.

EXTRACT 5 (TRANSPORT INDUSTRY):**Clause 14. Rostered Day Off/Wage Accrual****14.1.1 Local drivers and depot employees:**

It is not intended that the Wage Accrual entitlement shall be treated as a Rostered Day Off accrual.

Wage Accrual entitlements shall be paid to employees as a lump sum:

** In December of each year, or*

** In special circumstances of financial difficulty.*

However, employees, for personal reasons, will be entitled to utilise any wage accruals as a paid leave day. The Company shall not withhold approval of reasonable requests.

No Leave Loading will apply to Wage Accrual payments.

drug and alcohol policies

Several agreements from this quarter contain innovative clauses dealing with drug and alcohol in the workplace. This trend is becoming more prevalent in enterprise agreements. Such policies can highlight safety principles and to set parameters for good employee conduct. Good examples of drug and alcohol policies clearly delineate the expectations of employers and provide employees with clear guidelines for behaviour as well as providing workers with procedures on how to deal with the issue amongst their colleagues.

In all three sample clauses there is great emphasis on the securing safe work environments free from unnecessary risks for employees and for the general public. Smoking is a related issue which is beginning to be dealt with more seriously with consideration of employees' through the establishment of smoke free zones.

The first agreement, from the agricultural industry, places an emphasis on the safety of the employees and the general public and sets out some of the duties and responsibilities of the employees. It provides detailed procedures which are to be followed if an employee is found to be in breach of the policy.

The following two agreements come from the building and construction industries and are concerned with providing an environment that is free from added dangers and risks to their employees, associates and the general public. In the first, the emphasis of the clause is on safety, efficiency, productivity and quality. The second agreement recognises the effects prescription medication may have on the ability of an employee to perform their duties safely.

EXTRACT 6 (AGRICULTURE INDUSTRY):**14. Occupational Health And Safety****14.1 Principles**

The company and the employees agree that the improvement and maintenance of occupational health and safety standards and procedures in the work environment is a primary objective of the company.

14.2 Safety Equipment

Safety equipment as provided by the company will be utilised as directed and in accordance with the manufacturer's instructions.

14.3 Safety Procedures

14.3.1 Safety procedures and standards shall be clearly detailed by the company to all employees. Where safety procedures or standards require employees to receive training this training shall be provided for by the company, at the company's expense.

14.3.2 Safety procedures and standards shall be strictly adhered to by all employees.

Failure to acknowledge and adhere to safety policies shall be grounds for dismissal. Neglect of safety procedures that may lead to injury of other persons or employees may be grounds for instant dismissal.

14.4 Employee's Duty

Notwithstanding the company's responsibility, the employee has a duty:

14.4.1 To protect his/her own health and safety at work;

14.4.2 To avoid adversely affecting the health and safety of any other person or property through any act or omission at work.

14.5 Alcohol and Drugs

14.5.1 An employee shall not, by the consumption of alcohol or a drug, be in such a state as to endanger his/her own safety at work or the safety of any other person at work.

14.5.2 Being under the influence of alcohol or a drug while on duty shall be deemed to be an example of gross misconduct.

14.5.3 Employees who are found to be under the influence of alcohol or a drug while on duty, and who cause damage to company property while under such influence will be liable to prosecution by the company for recovery of damages incurred.

14.6 First Aid facilities

Suitable first aid equipment in an hygienic container shall be available in an accessible and clearly identified place. This equipment should be regularly inspected, and replenished as necessary by the company.

14.7 Medical Examinations

14.7.1 The company may require an employee and the employee shall agree to submit to a medical examination prior to engagement and thereafter annually, or other period, at the discretion of the company. The company nominated doctor shall perform the examination. Costs of examination(s) will be borne by the company and the results made available to the employee on request.

14.7.2 The parties to this Agreement understand the need for certain medical fitness standards (details of which the company shall provide to all employees) to be achieved and maintained by employees, and accept that failure to attain and/or maintain the required standards will disqualify an employee from employment with the company.

EXTRACT 7 (BUILDING INDUSTRY):**31. Alcohol And Drugs**

31.1 *The Company by way of this Drug and Alcohol Policy aims to raise the awareness of its employees, associates and the general public to the dangers and risks of Drugs and Alcohol usage in the workplace.*

We, the Company, are extremely conscious of the health and safety of our employees, associates and the public. We respect the right of each individual to work in an environment that promotes a workplace free from unnecessary added danger and risk that may be as a result of drug and alcohol usage. Therefore, to maintain the image and high standard of professionalism, the company demands that the workplace remain drug and alcohol free.

Each employee will be held accountable for any breach of this policy, and actions contrary to this policy may lead to termination of employment.

The Company, by enforcing this policy will not only ensure the safety of all but will maintain high levels of productivity, efficiency and quality.

40. Non-Smoking

40.1 *The Smoke Free Zone applies to all enclosed areas, and will require all smokers to refrain from smoking during work hours until they are on their media breaks. All smoking is to be kept outside the working environment.*

40.2 *All lunchrooms, site sheds, closed cabins of plant / vehicles and office space are now smoke free zones and must be respected as such. Employees are also not permitted to smoke while working with combustible materials and substances.*

40.3 *An individual found to be smoking in the above mentioned areas, declared as smoke free zones, will be in serious breach of this clause, and any ongoing offences will mean that discipline and or termination of employment may take place.*

EXTRACT 8 (BUILDING INDUSTRY):**12. Drugs And Alcohol In The Workplace**

Under no circumstances will any Employee affected by alcohol and/or any drug be permitted to work and/or operate any Company equipment. An employee affected by alcohol and/or drug shall be sent home to recover and shall not be paid for that time. The employee shall be subject to a disciplinary procedure upon return to work the next day. This may result in the termination of employment of the employee.

The parties agree that there shall be no alcohol and/or drugs permitted on Company projects.

An employee required to take prescription medicine shall inform the Company of such medicine and provide a doctors opinion as to the effect such medicine will have on the person's ability to safely perform his/her duties.

training

Training continues to be a crucial issue in Australian workplaces as they seek ways to improve productivity. Competency-based, on-the-job training is important for developing the skills of the workforce. However, employees are also taking greater responsibility for their own education and skills development through higher levels of technical and higher education.

The following training clause from the manufacturing industry provides a good-practice example from the agreements coded this quarter. The clause provides a comprehensive approach to training, recognising the needs of both the company and the employees. Training introduced through this clause is competency-based, modular and self-paced, and skills acquisition is linked to promotion and is based on identified skill needs. The company also encourages and provides assistance to employees who improve their own skill base by completing tertiary studies.

EXTRACT 9 (MANUFACTURING INDUSTRY):

15. Training And Education

All training will be competency based with clearly defined and agreed performance standards. Employees will have to demonstrate capability against these standards as part of the training process and additional training will be given as required.

As far as possible, training will be self-paced and self-motivated and employees will actively be encouraged to participate.

Training will be developed on a modular basis where possible. It will be consistent with the work skills identified through the job appraisal system.

The role of every employee in training others is recognised and employees will be given the opportunity to receive formal training in how to train others.

a) Training Requirements

Progression through the program shall be planned to give employees the maximum opportunity. However, such progression may be constrained by operational requirements, training resources, the availability of equipment and safety factors.

Employees involved in the program will be required to assist in the training of other employees, subject to them being competent to do so. The following guidelines will apply:

(i) Advancing to a higher skill level will result from the completion of training and a satisfactory evaluation of the actual performance of defined skill units within a particular skill level consistent with the Company's training objectives and specifications for various tasks and operational functions.

(ii) Notwithstanding utilisation and employment on various activities which require at least partial use of skills covered by the training program, a person whilst undergoing

training is not entitled to any increase in remuneration by way of additional wage or allowance.

b) Progression and Selection for Training

Training programs shall be identified, and places on those programs will be made available according to the agreed process. This will also be in accordance with the current and future operational requirements of the Company, having regard to the skills profile of the workforce as well as the need to satisfy the aims of the training programs.

c) Policy on Employees Undertaking Study for Tertiary Qualification

(i) The Company encourages further study, where achievement of a tertiary qualification will have direct benefits to current job performance or prepare selected employees for more responsible assignments.

(ii) Authorisation may be given to employees undertaking study courses where the qualification has a direct bearing on job performance. Approved costs are refunded for them at the beginning of each semester.

(iii) Within the new structure however, the opportunity is available for all employees who wish to train and prepare themselves for possible future appointment to a Team Leader. For these employees the general company policy would apply, which is for the refund of approved costs at the end of each semester.

(iv) Approved costs include administration and mandatory institution fees, and reimbursement of textbooks to a maximum of \$400 per year, subject to successful assessment results.

Other innovations

Over time the major issues of concern to employers and employees work their way into enterprise agreements, including employee relations, worker protection and insurance as well as new human resource methods and approaches. Other innovative clauses identified this quarter include good communication mechanisms, income protection payments and innovative approaches to promotion.

The first agreement, from the local government sector, recognises the importance of two way communication in the workplace and develops a strategy to inform staff of company decisions that affect them, and to encourage employee input to the decision-making process. It provides a good example of a comprehensive approach to employee relations.

The second clause, from the waste services industry, provides employees with an extra 1.5% wage increase for the purposes of contributing to an income protection scheme. This allows employees the opportunity to select their own scheme while minimizing employer administrative costs.

The third clause, from the transport and storage industry, takes an innovative approach to medical screening. While the number of agreements requiring medical screening prior to employment has been gradually gaining momentum, this agreement introduces medical screening as a component of the promotion process.

EXTRACT 10 (LOCAL GOVERNMENT):

13. Staff Communication

13.1 *All parties agree that two-way communication is critical if Council is to become fully effective and responsive to customer needs.*

13.2 *Purposes:*

i) *To inform staff of organisation issues/ decisions that affect them. For instance, customer needs; individual, group and organisation performance; vision and values; meeting minutes, management newsletters on important issues, Plain English publication of budgetary and strategic changes, timely communication of Departmental changes and areas of responsibilities, etc.*

ii) *To involve in decision making by gaining input to the decision making process at various stages. This may involve:*

- *the identification of problems or opportunities for improvement;*
- *the provision of relevant data or information*
- *developing solutions;*
- *implementation, or*
- *evaluation,*

13.3 *Processes/ Strategies:*

i) *For communicating information, "team briefings" will be the primary strategy. This will be supplemented by noticeboards, electronic mail, newsletter, and in special cases*

direct mail to a person's workplace or home address. The choice of method will depend upon timeliness and the nature of information being conveyed.

ii) The parties promote open communication/consultation within many formal structures such as the Consultative Committee and less formal processes such as team meetings and project teams. These provide the opportunity for employees to influence decision making.

iii) This Agreement recognises the rights of the Unions to communicate with and represent the interests of their members, including organised meetings, up to eight (8) paid hours per annum, if required.

iii) A copy of this agreement will be placed in the Human Resources Policies and Procedures Manual. (See attached distribution list for locations of manuals)

EXTRACT 11 (WASTE SERVICES INDUSTRY):

15.2 The wage rates shown in the Appendix A are inclusive of an additional 1.5% increase, in lieu of income protection:

- (a) This payment is to be made direct to employees in lieu of the company continuing to provide income protection insurance.
- (b) This shall be a one off increase.
- (c) Should an employee elect to continue to contribute to an income protection scheme, the company will, on receipt of the appropriate payroll deduction authority, facilitate the deduction and on forwarding of authorised premiums to the nominated insurer.

EXTRACT 12 (TRANSPORT & STORAGE INDUSTRY):

4. recruitment, promotion and selection

The parties agree that the best applicant should be the successful candidate. To achieve this the parties may jointly participate in the selection process. It is agreed that the final decision remains with the Company.

Relevant selection tools will be applied to candidates, these may include (but not be limited to):

- Targeted Selection Interviews
- Position Analysis Process Questionnaire
- Medical examination

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: a) 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 (eg, 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 it is apparent that the official duration of the agreement is unduly short (ie. 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 2004, the ADAM Database has information on 11,790 registered enterprise (collective) agreements from the Federal and State jurisdictions as follows:

Federal (5514), NSW (1912), SA (833), Queensland (2030), WA (1096).

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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

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