

number 39
December 2003

Agreements Database And Monitor REPORT

wage trends	1
wage increases in September 2003 quarter certified agreements	1
high wage outcomes in September 2003 quarter agreements	2
wage outcomes in current collective agreements	5
special issue – all work and some play	6
innovative provisions	18
professional development	18
redundancy	20
performance-based payments	22
absenteeism incentive schemes	29
other innovations	31
technical notes	33
report written by	34
about the ADAM Database	34
about acirt, University of Sydney	34

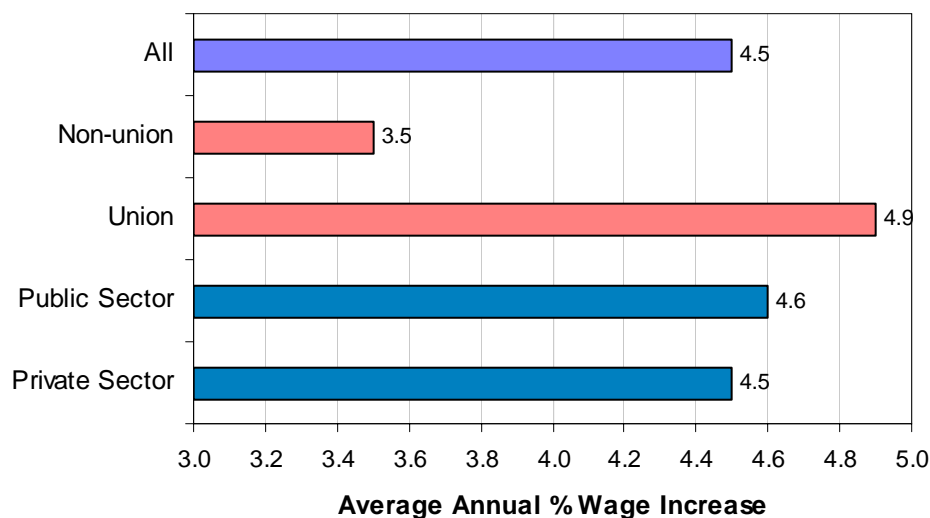
wage trends

wage increases in September 2003 quarter certified agreements

The average annual wage increase for certified agreements registered in the September 2003 quarter was 4.5% (per agreement), up by 0.5% percentage points from 4.0% in the June 2003 quarter.

A widening gap between average annual wage increases in union and non-union agreements (4.3% and 3.4% respectively) was reported in the June 2003 quarter *ADAM Report No # 38*. Figure 1.1 below shows that in the September 2003 quarter, this gap has increased delivering average annual wage increases of 4.9% and 3.5% respectively. Private sector agreements approved in the September 2003 quarter have also shown a growth in average annual wage increases with an increase of 0.3% from the previous reporting period *ADAM Report No # 37*. Annual average wage rises in the public sector increased by 0.1%.

Figure 1.1: September 2003 quarter average annual percentage wage



Source: ADAM Database, 2003, ACIRRT, University of Sydney.

high wage outcomes in September 2003 quarter agreements

This quarter saw an increased focus on the requirements of the enterprise, with a significant proportion of high wage outcomes influenced by the need for flexibility in organisations and industries. In particular, the definition of “reasonable” notice to work shifts and take leave has been pared down through enterprise agreements. Higher wage increases have thus been negotiated as a result of the special flexibility needs of the service sector.

The trend of annualising a significant proportion of payable allowances and special rates has continued this quarter. Considerations of flexibility have again influenced this decision, with employers avoiding hefty one-off payments for recurring special rates work. As well, the annualisation of leave loadings has been an ongoing theme throughout 2003.

In addition, there has been movement in the provision of productivity payments, both of lump-sum bonus payments and through cross-classification wage increases. These payments have focused on overall organisational performance through measurable KPIs rather than on individual performance appraisals. Employee consultation has emerged as a touchstone of improved performance target achievement, with greater focus on cooperation and a team approach.

Table 1.1: key features of higher than average wage increases in September 2003 quarter enterprise agreements

Industry (AAWI)	Key Provisions
<p><i>Funeral Industry</i> (AAWI 19.5%)</p>	<ul style="list-style-type: none"> • This agreement provides a 34% initial wage increase from the previous agreement, bringing the base wage rates contained in the agreement to an above-award level where previously the base rate was substantially below-award. This exceptionally large increase incorporates a payment for 3 hours' overtime in addition to the standard 40 hour week. • In addition, the overtime and allowances structures of the enterprise have been simplified. While many special rates provisions appear to have been phased out, the remaining provisions have undergone significant percentage increases. In conjunction with the unusually large initial wage increase, this suggests a consolidation of the remuneration structure and a move towards phasing out piece-payment of special rates. • This remuneration overhaul recognises the special demands of the funeral industry and the 24 hours per day, 365 days per year nature of the enterprise.
<p><i>Local Government Sector</i> (AAWI 14.29%)</p>	<ul style="list-style-type: none"> • This enterprise has consolidated its salary structure into a "flat rate" of pay. A 13.1% increase has incorporated overtime and traveling time payments, up to 143 hours' at appropriate rates per annum. • This loaded base rate is to be used as the basis for calculating all entitlements to annual leave and annual leave loading, sick leave, long service leave and superannuation contributions. • Interestingly, this rate of payment will revert to award rates if not renewed by a further enterprise agreement before a set date. This stipulation preserves the base rate of pay as the award, rather than providing the loaded rate as an automatic future entitlement.
<p><i>Energy Provision Industry</i> (AAWI 7.38%)</p>	<ul style="list-style-type: none"> • An across the board wage increase of at least 8% will be provided over the life of the agreement. This increase is linked to CPI data, with a guaranteed further increase available if CPI reaches an agreed amount. • In addition, a detailed bonus system provides regular stratified bonus payments of up to \$2400 per annum. These payments are linked to budget and profit performance, and to safety audits and practices.

<p><i>Agriculture Industry</i> (AAWI 6.5%)</p>	<ul style="list-style-type: none"> • This agreement provides a guaranteed wage increase of 10%, with an additional at risk increase of 3% linked to the pre-tax profit of the company overall. • In addition, shift loadings have been increased from 15% to 17.5%, early morning 'ordinary' hours will be paid at overtime instead of shift loading amounts, and increased flexibility will be allowed to employees in seeking additional casual work from the enterprise throughout the year. • The trade off for these substantial benefits is increased flexibility to the needs of the enterprise. In recognition of the specific demands of the industry, employees may be required to take leave with or without pay, as well as to undertake extra shifts, at a shorter notice period from the employer.
<p><i>Recreational Services Sector</i> (AAWI 8%)</p>	<ul style="list-style-type: none"> • This agreement provides an average 16% wage increase over 2 years, with actual increases to wages ranging from 9% to 21% dependent on employee classification. • These increases are in recognition for increased flexibility in hours of work to deal with regularly hosted special events. The rates also incorporate and annualise payment for annual leave loading, special rates and allowances, and higher duties.
<p><i>Construction Industry</i> (AAWI 5.67)</p>	<ul style="list-style-type: none"> • This enterprise will pay two separate wage increases: a guaranteed 4.5% increase on certification, and a 4% increase dependent on productivity and efficiency indicators. These appear to be a mixture of cross-enterprise indicators and an individual absenteeism component. • Target performance will be reviewed monthly in collaboration with employees, with consultation and cooperation a key factor in determining whether the performance increase will be paid.

Source: ADAM Database, 2003, ACIRRT, September 2003 Quarter, University of Sydney.

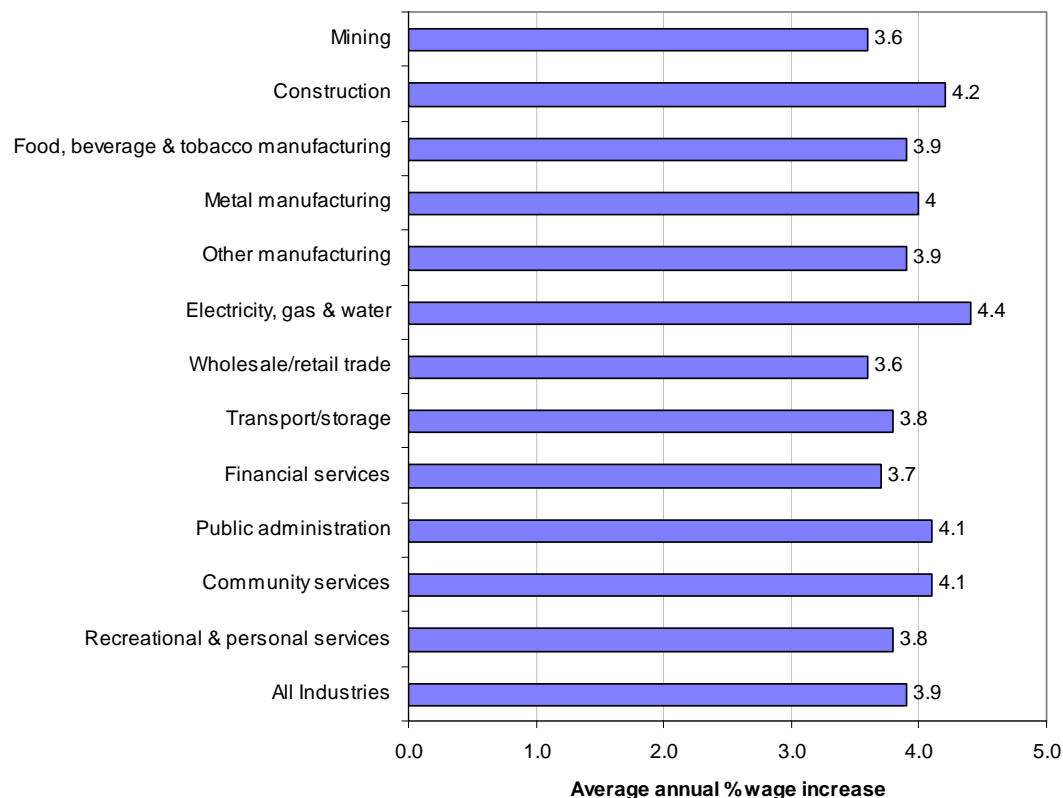
Note: High wage agreements are defined as those delivering an AAWI of 5% or above.

wage outcomes in current collective agreements

The average annual percentage wage increase for all currently operating agreements (as at the end of the September 2003) was 3.9% (per agreement), down by 0.1% from the previous quarter.

There has been little change since the previous *ADAM Report No# 38*. Figure 1.2 shows that the construction and the electricity, gas and water industries led the wage increase outcomes, delivering annual average wage increases of 4.4% and 4.2% respectively. The mining and the wholesale and retail trade industries provided the lowest annual wage increase of 3.6%.

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



Source: ADAM Database, 2003, ACIRRT, University of Sydney, (n=1295).

Note: * Current agreements include all enterprise agreements which have not reached their stated nominal expiry date as at end September, 2003.

special issue – all work and some play

This issue of the *ADAM Report* looks at the incidence of leave arrangements in Australia and the different approaches taken in providing flexibility in leave arrangements through enterprise agreements.

international comparison

Four weeks paid annual leave has been a standard provision for full time employees in Australia since 1974. In the main leave entitlements do not extend to casual workers, who usually receive a loading on their hourly rate in lieu of leave entitlements.

When compared with other industrialized countries, Australia's four weeks annual leave entitlement is relatively generous compared to other English speaking countries but less than what is common in many European industrialized economies. As Table 1.2 below shows the average number of paid weeks leave in the European Union is five weeks and German workers receiving nearly six weeks, with a loading of up to 100 per cent. In Japan the statutory minimum is only two weeks, however the Government is now encouraging employers to offer three weeks for those with one years' service and an 80 per cent attendance record. Interestingly both the United Kingdom and the United States have no statutory minimum requirements.

Table 1.2 annual leave and leave loadings, some international comparisons

Country	Leave Entitlement	Leave Loading/Bonus
Australia	4 weeks	17.5% loading
Belgium	20 days minimum, 28 days by agreement	89.75% by national agreement, may receive 13th month of salary at years end.
Canada	2 weeks (usually by provincial law) or 4% of annual income, 3 weeks by agreement after 6-6 years of continuous service.	Leave can be taken as cash, 4% of annual income, 6% after 5-6 years service.
Denmark	5 weeks by law longer by agreement	12.5% loading
France	5 weeks by law longer by agreement	10% of annual pay
Germany	15 – 18 days by law, up to 30 days in collective	60% - 100% of one months salary
Greece	5 weeks	50% weekly pay bonus

Table 1.2 annual leave and leave loadings, some international comparisons (continued)

Japan	10 days statutory minimum. Govt encouraging employers to offer 3 weeks for those with 1 years service and an 80% attendance record	No official loading. But sometimes bonuses paid.
New Zealand	3 weeks statutory minimum, 4 weeks by agreement.	Negotiable on an enterprise basis
United Kingdom	No legal minimum, 4-5 weeks by agreement.	No standards – negotiable on enterprise basis.
United States	No legal minimums. 2 weeks is usual, up to 4 weeks with length of service	No standards. Some companies pay bonuses.

Source: quoted in Cairncross and Waller, 'Should the Taking of Leave be made Compulsory in Australia?', Southern Cross University, paper presented to annual AIRAANZ conference, Qld Feb 2004

taking annual leave

An entitlement to leave does not necessarily mean that employees actually take four weeks leave every year. A recent study by Richard Denniss from the Australian Institute shows that only 39 per cent of full-time employees took all of their annual leave entitlements in 2002¹. Prime age workers (35-49 years of age) were least likely to take all their leave (36%) while more mature workers (50-59 years of age) were most likely to have taken all their leave in 2003 (50%).

The study highlighted that “around two in five employees said they did not take leave because they were saving it up for latter use”. But an equal number (42%) found it difficult to take their paid leave, due to being too busy at work and not being able to get time off when needed. The study did not examine the likely effect of making leave taking arrangements more flexible on use and satisfaction with leave arrangements. A move by some organisations to give employees greater choice in leave arrangements, suggests that with the increasing pressure of work commitments for many employees and the need to balance the leave time in households where both partners are working flexibility in leave provisions will become more common.

¹ Richard Denniss (2003) Annual Leave in Australia: An Analysis of entitlements, usage and preferences, *Discussion Paper No 56 July 2003, Australia Institute*

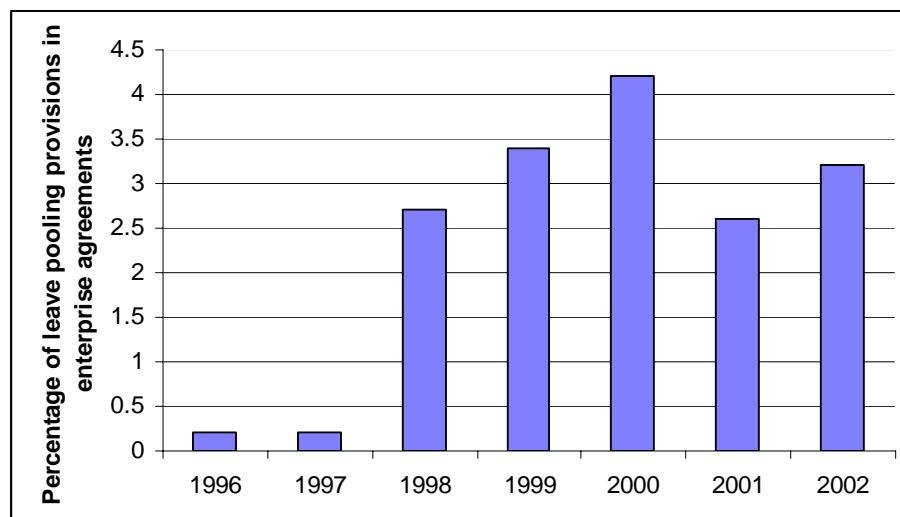
workplace flexibility? – evidence from agreements

Up until the last decade, leave provisions were relatively standardised, with little scope for flexibility by employers or employees. In some organizations the annual shut down was determined by the organization and employees had no choice in when they took their leave. However, in recent years, there is evidence to suggest that some employers are introducing more flexible and innovative leave arrangements.

An analysis of currently operating agreements on the ADAM Database showed that 12 per cent of agreements provided for paid annual leave over the statutory four weeks, Less than 5 per cent (4.5) of agreements provided a leave loading of over 20 per cent. Over seven per cent (7.4) of currently operating agreements allow for the cashing out of annual leave.

Leave pooling provisions, which allow employees greater flexibility by combining leave entitlements such as annual, sick and family leave, were only found in 3.8 per cent of agreements. Despite this low incidence, there is evidence to suggest that, employers have been slowly increasingly introducing pooling of leave provisions. Figure 1.3 below shows an increase since 1997 with a peak of 4.2 per cent in 2000.

Figure 1.3: Incidence of leave pooling provisions in enterprise agreements 1996-2002



Source: ADAM Database, 2003, ACIRRT, University of Sydney, (n=7111)

sample clauses

The following sample clauses are examples of how some employers are providing flexible leave arrangements for their employees.

PRINTING INDUSTRY

“5.1 Annual Leave

1. Six Weeks & Three Days Annual Leave

(a) Employees, other than casual employees, shall at the end of each year of employment be entitled to six weeks and three days’ annual leave at the rate of wage prescribed by clause 3.3 of this Agreement unless a higher wage was being paid when it shall be that higher wage.

(b) Such annual leave shall be taken within 12 months of it becoming due, at a time mutually agreed upon between the Employer and the employee provided that the annual leave may be taken also by mutual agreement as follows:-

- (1) A continuous period of six weeks and three days.
- (2) A period of six weeks with the three days being taken in one term or as single days.

One period of two weeks and another of four weeks with the three days being added to either of these periods or taken in one term or as single days.

By mutual agreement between the Employer and employee further splitting of the quantum of annual leave taken may occur.

Any annual leave to which the employee has become entitled and which has not been taken may, at the employees request and with agreement from the Company, be cashed in. Providing that the employee must always have taken at least 4 weeks of their entitlement for that year before they may take up this option.

Any annual leave which is outstanding at the time of this agreement being approved may, at the employee’s request and with agreement from the company, be cashed in, providing that 4 weeks of the employee’s last entitlement must be taken. This offer will last for 1 month only from the date of the agreement being approved.

Provided that any lieu days as provided by clause 5.2(a) may be added to any of the periods of annual leave or taken as single days.

(c) The annual leave prescribed by this subclause is in recognition of the requirement for such employee to work without payment of penalty on the public holidays as prescribed in clause 5.2(b).

(d) Where a public holiday as prescribed in clause 5.2(a) falls during the absence of an employee on annual leave, a day shall be added to the annual leave period for each such holiday.

(e) If the employment of an employee is terminated

(1) at the expiration of a full year of employment, the employee shall be paid in addition to all other amounts due, including those prescribed by paragraph (f) the rate of wages as prescribed by clause 3.3 of this Agreement unless a higher wage was being paid when it shall be that higher wage, for six weeks and three days and also for any public holiday as provided in clause 5.2(a) occurring during the period of four weeks for the date of termination.

(2) before the expiration of a full year of employment the employee shall be paid in addition to all other amounts due, including those prescribed by paragraph (f), an amount equal to a proportion or six weeks and three days which the period of employment bears to twelve calendar months, at the rate of wage prescribed by clause 3.3 of this Agreement, unless a higher wage was being paid when it shall be that higher wage.

(f) In addition to the payments prescribed by this clause an employee proceeding on annual leave (including termination of employment at the expiration of a full year), shall be paid a loading of seventeen and a half per centum (17½%), plus the weekly average of all night work allowances paid in accordance with clause 3.4(5) over the preceding 12 months, together with the weekly average of all Sunday Night/Monday Morning work allowances paid in accordance with clauses 3.4(6) and 3.4(7) over the preceding 12 months, calculated on the full period of annual leave and any lieu days added in accordance with clause 5.2(a) or paragraph (d) hereof:

Provided that where the employment of an employee is terminated before the expiration of a full year of employment the payments prescribed by this subclause shall be calculated pro rata on the payment for the full period of annual leave and any lieu days added in accordance with clause 5.2(a) or paragraph (d) hereof, which the period of employment bears to twelve calendar months.

BANKING SECTOR

“ANNUAL LEAVE

After 12 months' continuous service, an employee other than a casual employee shall be entitled to 20 working days' annual leave per annum.

22.2 Effect of public holidays

If a public holiday as prescribed in this agreement falls during an employee's period of annual leave and is observed on a day when the employee would normally work, the period of annual leave will be increased by one day in respect of that public holiday. The public holiday must apply to the area where the employee is working.

22.3 Leave to be taken

22.3.1 Annual leave shall be taken subject to (The Company) approval either when it falls due or within the following 12-month period. In the event of an entitlement becoming due and leave not being granted, the deferment by (The Company) shall not extend for more than 6 calendar months beyond the due date provided that this may be varied by mutual agreement in writing between (The Company) and employee.

22.3.2 Employees applying for leave must provide notice in accordance with the following table, and (The Company) will respond within the time frames outlined in the table. Should unforeseen circumstances arise (The Company) will consider a shorter period of notice.

Period of Leave	Employee Notice Required	(The Company) response
1 day	1 week	3 working days
2-5 days	2 weeks	5 working days
6-10 days	2 weeks	5 working days
11-15 days	3 weeks	10 working days
16-20 days	6 weeks	10 working days

Staff who wish to accumulate leave for a special purpose must provide written application to (The Company) 6 months prior to the dates when leave is sought. The advice must outline the number of days, the dates and the circumstances necessitating the reasons to accumulate leave in excess of 20 days. Such leave shall not exceed 30 days. (The Company) shall respond in writing within 2 weeks either approving or rejecting the application for leave.

22.3.3 (The Company) may direct an employee to take leave by providing him/her with at least one month's notice.”

PUBLIC SECTOR

“Annual Leave

257. Annual leave is to provide employees with the opportunity for a reasonable break from work. It is important that employees take leave within a reasonable period of its accrual and that leave planning is an integral part of work planning.

258. While the taking of annual leave is subject to operational requirements and the approval of the Chief Executive Officer, it is expected that leave would normally be approved unless exceptional circumstances exist. Where leave is refused for operational requirements, the employee and his or her manager will negotiate alternative dates for leave.

259. There will be 20 working days paid annual leave for each full year worked, credited on 1 January each year.

260. An employee who does not have any current Annual Leave credits may access their accruing Annual Leave credits on a pro-rata basis. Leave anticipated in this way will be deducted from the next credit.

261. Employees may elect to take annual leave on full pay or half pay. The minimum period of leave, which can be taken on half pay at one time, is 5 days.

262. Annual Leave, whether on full or half pay, counts as service for all purposes.”

PUBLIC SECTOR

“29. PURCHASED LEAVE SCHEME

29.1 An employee may, with the approval of the (Company), purchase from one to four additional weeks of recreation leave from the (Company).

29.2 (i) The leave shall be purchased for the amount the employee would have received for the period of leave purchased, if he or she had taken ordinary recreation leave for that period, as estimated at the time of applying for participation in the purchased leave scheme.

(ii) The purchase price of the leave shall be deducted from the fortnightly pay of the purchasing employee in equal installments over the stipulated period:

4 weeks purchased leave 26 pay periods
3 weeks purchased leave 20 pay periods
2 weeks purchased leave 13 pay periods
1 week purchased leave 7 pay periods

29.3 (i) All such leave purchased shall be taken within a twelve month period from the commencing date of accrual or shall be forfeited and the purchase price of the leave refunded.

(ii) Purchased leave shall be taken in accordance with the rules applying to recreation leave at clause 28.

29.4 Approval for entry into the purchased leave scheme is subject to the operational requirements of the (Company).

29.5 Purchased leave shall count as service for all purposes.

29.6 Entry into the purchased leave scheme shall not affect the superannuation obligations of the (Company) and / or the employee involved.”

INSURANCE INDUSTRY

“19. ANNUAL LEAVE

19.1 Your Annual Leave Provisions

(a) After you have completed 12 months continuous service with the Company, you are entitled to 20 working days paid annual leave. The Company will not count public holidays as annual leave.

(b) You and the Company are to agree when annual leave is to be taken. If you cannot agree on a time, the Company can direct you to take annual leave but it must give you at least two months notice of this direction.

19.2 Payment for annual leave

(a) Before you take your annual leave you are entitled to be paid your full salary due to you whilst on annual leave provided:

- i. you apply for, and are granted, more than two weeks annual leave; and
- ii. you request prior payment at least two weeks before you are to commence your annual leave.

(b) The term full salary means the amount of actual salary which you would have received in respect of the work which would have been performed during ordinary hours, had you not taken annual leave.

19.3 Leave Loading

(a) Subject to clause 19.3(b), in addition to the payment outlined in clause 19.2 above, the Company will pay a 17.5 per cent leave loading to you, based on your full salary, as defined in 19.2(b).

(b) Annual leave loading is limited to the original average weekly earnings for the "flail males" category published in the Australian Bureau of Statistics Bulletin 'Average Weekly Earnings, States and Australia' August for the year immediately preceding the calendar year in which the leave falls due, in respect of leave for each twelve months continuous service. The leave loading is not payable on any holidays set out in clause 15 of this Agreement, or proportionate leave on termination of employment.

(c) Any leave loading paid in advance on proportionate leave shall be deducted from final termination pay.

19.4 Leave in Advance

(a) You can take annual leave which has not yet accrued in advance if the Company agrees to this.

(b) If your employment with the Company ends, you must pay the Company an amount equal to any leave that you have taken in advance but not accrued. The Company can deduct that amount from any money that it owes you.

19.5 Untaken Leave on Termination

(a) The Company will pay you for leave you have not taken if your employment ends.

(b) If your employment with the Company ends for any reason and you have worked with the Company for more than twelve months, the Company shall pay you your full salary in lieu of your existing annual leave entitlement, calculated in accordance with clauses 19.2 and 19.3 of this Agreement.

(c) If you end your employment with the Company after one month's continuous service, but before twelve months continuous service, or if the Company ends your employment for any reason other than serious misconduct, you shall be paid pro-rata annual leave on full salary for each week worked in respect of which leave has not been granted.

19.6 Payment in lieu of annual leave

(a) If you have accumulated annual leave entitlements in excess of 25 days, you can request that the Company pay you your excess annual leave, calculated in accordance with clauses 19.2 and 19.3, in lieu of taking that annual leave, provided:

- i. you request a minimum payment equivalent to five days annual leave;
- ii. your minimum actual annual leave entitlement does not fall below 20 days.

(b) All requests, pursuant to clause 19.6, must be made to the Company in writing within 3 months of the date of certification of the agreement.”

TRANSPORT INDUSTRY

“14. ANNUAL LEAVE

14.1 Except as provided herein the provisions of the annual leave clause in the award shall apply.

14.2 Employees required to work over the seven days and/or the 24 hours of the day shall be entitled to five weeks annual leave after twelve months continuous service.

14.3 Entitlement to such leave shall accrue pro rata on a weekly basis.

14.4 Annual leave can be taken in periods of 1 day or more.

14.5 Unless otherwise agreed between the employer and the employee, annual leave is to be taken each year by the employee.

14.6 Where an employee has been permitted to proceed on annual leave and resigns or is dismissed then he/she must refund the value of leave taken but not accrued.

14.7 Where an employee is dismissed for misconduct the employee is not entitled to be paid for any untaken leave that relates to service after the misconduct occurred.

14.8 Subject to agreement between the employer and employee, an accrued annual leave entitlement may be taken in half the time on double pay.

14.9 Where an entitlement to access annual leave falls due to an employee, the employee be required to nominate - within 3 months of that leave becoming due - a commencement date or dates for the clearance of the accrued leave. Such dates to be within 12 months from the date at which the annual leave became due.

14.10 Where an employee does not nominate dates for the clearance of leave in the nominated period, the employer may designate a date for clearance of the leave within 12 months of that leave falling due. Provided that the employer shall give at least 30 days notice to the employee of the day on which the annual leave is to commence.

14.11 The employer may approve the cash out of accrued annual leave. The request to cash out the annual leave shall be in writing. Provided that, except in demonstrable extenuating circumstances, a minimum of four weeks accrued annual leave must be taken in a calendar year for any application to be approved.”

CLERICAL INDUSTRY

“38 Annual Leave

38.1 All Employees are entitled to one week's Annual Leave paid on an ordinary hours basis after every 3 months of continuous service.

38.2 (The Company) may approve the taking of Annual Leave on application by an Employee.

38.3 (The Company) may require an Employee to take Annual Leave during any period where (The Company) does not operate or is closed.

38.4 All Employees are expected to use at least 2 weeks of Annual Leave each year.

38.5 An Employee may retain up to 8 weeks of Annual Leave.

38.6 Where an Employee has more than 8 weeks of Annual Leave credits, (The Company) and the Employee will either:

(a) identify a time in the following 3 months in which the excess leave credits will be used provided that where agreement cannot be reached on the time the leave is to be used, (The Company) may specify a time with at least 4 weeks notice to the Employee; or

(b) cash out half of the excess leave credits where (The Company) and the Employee agree as long as (The Company) and the Employee agree on a time in the following 3 months in which the other half of the excess leave credits will be used.

38.7 Notwithstanding clause 38.6, (The Company) may agree to an Employee retaining more than 8 weeks of Annual Leave credits.

38.8 An Employee and (The Company) may agree to cash out any amount of Annual Leave credits as long as the Employee, at the same time, takes a period of Annual Leave that is at least equal to the period being cashed out and has or will satisfy the requirement specified in clause 38.4.

38.9 If an Employee does not complete 3 months' service (The Company) must, on the termination of employment (provided that employment has been continuous for one month or more), pay the Employee for accrued Annual Leave on a pro rata basis for each completed month of service.

38.10 An Employee whose employment is terminated after 3 months' continuous service must be paid out for any accrued Annual Leave not taken plus a pro rata amount of leave for each completed month of service thereafter.”

innovative provisions

professional development

Agreements with extensive employee development provisions are a rare feature with most agreements usually only providing a basic guideline. The following agreement from the public sector, however, shows a comprehensive approach towards employee skill and professional development. This agreement provides both full-time and part-time employees with three innovative and generous leave entitlements: study leave; conference leave; and professional development. The second agreement from the wine making industry takes a different approach by providing employees with unpaid leave in order to undertake professional development outside of Australia.

PUBLIC SECTOR

“35. Study Leave

35.1 Paid study leave for post-graduate study shall be available to full time and part-time employees up to a maximum of 100 equivalent full time positions for 26 weeks per annum. Where the number of applicants exceeds the number of places available, the parties to this agreement shall confer over eligibility criteria.

35.2 Paid study leave may be taken as mutually agreed by, for example, 4 hours per week, 8 hours per fortnight or blocks of 38 hours.

35.3 A part-time employee will be entitled to paid study leave on a pro-rata basis.

35.4 An employee wishing to take study leave in accordance with this clause must apply in writing to the employer as early as possible prior to the proposed leave date. The employee's request should include details of the course and institution in which the employee is enrolled or proposes to enroll and details of the relevance of the course to the employee's employment.

35.5 The employer will notify the employee of whether their request for study leave has been approved within 7 days of the application being made.

36. Conference Leave

36.1 Each part-time or full time employee covered by this Agreement shall be entitled to two days paid conference leave per annum to attend scientific or health-related conferences.

36.2 A "day's pay" shall be based on the individual employee's usual shift length.

36.3 An employee seeking leave in accordance with this clause can be requested to provide details of the conference/seminar name, venue and date/time. An employee is not required to report back in any way or provide in-services following conference/seminar attendance.

36.4 Where possible the leave should be requested in writing 6 weeks in advance of the proposed leave date.

36.5 The approval of leave will not be unreasonably withheld provided the leave is for a scientific or health related conference/seminar.

36.6 The employer must, wherever possible, notify the employee whether leave will be granted within 7 days of the application being made.

37. Professional Development Leave

37.1 All full-time employees shall be entitled to three days Professional Development Leave per annum for the purpose of furthering their professional development, including but not limited to research, home study and attendance at seminars and conferences.

37.2 A "day's pay" shall be based on the individual employee's usual shift length.

37.3 Professional Development leave shall be granted without conditions such as a requirement to report back in any way or provide services following conference/seminar attendance.

37.4 Where possible the leave should be requested in writing 6 weeks in advance of the proposed leave date.

37.5 The approval of leave will not be unreasonably withheld.

37.6 The employer must notify the employee in writing if the leave is approved or not within 7 days of the application being made. If the leave is not granted the reasons will be included in the notification to the applicant.”

WINE MAKING INDUSTRY

“19.3.5. An employee, through consultation and with their manager may be granted additional leave without pay to undertake professional development outside of Australia.

Approval will be granted under the following conditions:

19.3.5.1. A request is submitted in writing by the employee outlining the activity and how it relates to their professional development and their current position;

19.3.5.2. A predetermined and clearly defined timeframe is identified;

19.3.5.3. The ability for the employee to be replaced during the leave without pay period;

19.3.5.4. All available accrued annual leave, accrued rostered days off, accrued time off in lieu of payment of overtime and accrued long service leave has been taken;

19.3.5.5. The employee has worked with the company for a minimum of 3 years full time equivalent employment.”

redundancy

In the current economic climate, the issue of employee entitlement protection has become an important consideration for employers and employees. In particular, redundancy has become a cause of anxiety for many employees involved in industries that are undergoing technological change. In this quarter we have seen a significant trend by employers to address these concerns. The first agreement from the clothing manufacturing industry provides generous severance payments for long-term employees over the age of 45. The second agreement from the printing industry grants employees who take voluntary redundancy a generous re-skilling payment of \$42,000.

CLOTHING MANUFACTURING INDUSTRY

“3. SEVERANCE PAYMENTS

The following payments shall apply:

3.1 Period of continuous full time employment for each completed year

Number of Years	Severance Payments
1 year or less	Nil
2 years	4 weeks pay
3 years	6 weeks pay
4 years	8 weeks pay
5 years	10 weeks pay
6 years	12 weeks pay
7 years	14 weeks pay
8 years or more	16 weeks pay

In addition to the severance payment entitlements above, team members over 45 years of age receive and having completed at least 9 years of continuous full time employment at the time of giving notice shall be entitled to the following:

- After 9 years of completed employment 18 weeks pay
- After 10 years of completed employment 20 weeks pay”

NEWSPAPER PRINTING INDUSTRY

“ 12 REDUNDANCIES

Employees who have accepted voluntary redundancy, as part of this agreement, will receive a severance payment of 4 weeks pay for each completed year of service. In the event of an incomplete year of service, employees will receive 1 weeks pay for each three months of service.

Production Services employees who accept voluntary redundancy, as part of this agreement, will also receive a Vocational Reskilling Payment of \$42,000 less any applicable taxation.

For the purposes of the severance calculation, shift and weekend penalty payments will be averaged over the previous five years service for Production Services employees and the previous one years service for other employees.

Production and operational requirements will determine the timing of all redundancies.”

performance-based payments

The inclusion of merit-based remuneration systems remained a feature of the agreements reviewed this quarter. Gainsharing and individual performance payment systems provide two ways of ensuring that gains from improved performance are shared between the employee and employer. The first agreement comes from the industrial machinery parts manufacturing sector. All permanent employees covered by the terms of this agreement have the opportunity to earn up to an additional 10% bonus, which is paid in one lump sum at the end of each year. Payment of this bonus is contingent on the meeting of several company, branch and team targets including profitability, performance and absenteeism levels. In addition to this bonus system, this agreement provides a mechanism for rewarding exceptional individual contributions made to the enterprise. The performance of each employee will be assessed annually and criteria such as skill levels, job knowledge and years of service will be used to award the weekly performance bonus supplement.

The agreement from the banking sector focuses on rewarding contributions made by the individual employee. In this particular agreement, the payment of a performance bonus is determined by the rating received by the employee under the enterprise performance appraisal system. Finally, the third agreement from the federal public administration sector provides for a wage increase linked to a commitment to participate in a new performance development framework rather than any actual performance gains experienced by the enterprise. In exchange for completing an individual action plan, participating in discussions with their manager and undertaking relevant training, employees will be awarded a wage increase.

INDUSTRIAL MANUFACTURING SECTOR

“9.PRODUCTIVITY AND PROFITABILITY IMPROVEMENT (PPI) PROGRAM

9.1 Introduction

The company intends to continue with a bonus scheme that will apply to all permanent employee bound by the terms of this agreement. This program is called the Productivity and Profitability Improvement (PPI) program and it provides the eligible employee with the opportunity to earn up to a 10% bonus based on the achievement of Company, Branch and specific work team objectives. The PPI program aligns with the company’s core financial objectives and bonus programs.

9.2 What are the Benefits?

In addition to increased wages and reduced costs the incentive bonus scheme is expected to create:

- New ideas on how to do work more efficiently;
- Improved teamwork between employees and between employees and management;
- More people remaining with the company. This means more experienced employees and less time spent on training and supervision;

Bonus schemes also put pressure on management, supervision and support staff to ensure that work is well planned and scheduled, materials are well organised and machinery and equipment are in good working order.

9.3 Who is Eligible?

- i. Every eligible employee bound by the terms of this agreement will receive a share of the bonus (if applicable). The bonus will be paid in addition to normal wage and overtime payments. Casual employees will not be eligible for the bonus.
- ii. Employees engaged for a probationary period or for a fixed term of less than one year will not be eligible. Where an employee engaged on a probationary period or as a casual is subsequently offered permanent employment, the total period of employment will be taken into account for the purposes of assessing their employment.
- iii. For employees to be eligible for a payment in a given period, an employee must have worked as a permanent employee for the company for at least six months continuously.
- iv. An employee who during the course of a period terminates his or her employment will not be eligible for any pro-rata payment of bonus on termination.

9.4 How is it Calculated?

The bonus scheme will be calculated on three criteria:

- (I) The profitability of the corporation as a whole;
- (II) The profitability of this particular company; and
- (III) The work team contribution over the year;

The bonus will be paid annually in arrears. The first payment (if applicable) under this new workplace agreement is planned to be paid in August 2003 but may be based on a proportionate amount for the period between reaching this agreement and then.

9.5 What Formula will be used?

A formula has been developed which takes account of the three factors outlined above.

Company Profitability (CP) =	32.5% of the bonus - will be calculated based on the annual financial targets set by the Board of Directors.
Branch Profitability (BP) =	32.5% of the bonus will be calculated based on the annual financial targets set by the management team.

Each year the Company looks ahead and tries to determine what its profitability should be for the coming twelve months. This forecast takes into account a number of factors including the state of the economy, competition, expected orders, and past performance. How the Company actually performs during the year will be part of the calculation.

Work Team Contribution (WTC) =	35% of the bonus will be calculated based on performance measures identified for each work group.
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Performance measures identified for each work group:

- Annual Cost Centre profitability
- Individual absenteeism;
- Lost time through injury;
- Hours worked.

Performance measure will be fixed at start of agreement and will be reviewed annually.

Set out below in the table are the three components and the annual bonus payment they may produce:

PROFITABILITY AND PRODUCTIVITY INCENTIVE PROGRAM

		Threshold for the year	Target for the year	Maximum for the year
Company Profitability (CP) 32.5%	3½%	9%	10%	
	Net Income 33.4%	To be Determined Annually	To be Determined Annually	To be Determined Annually
	Manufacturing Margin 33.3%	To be Determined Annually	To be Determined Annually	To be Determined Annually
	Trade Working Capital as a % of Sales 33.3%	To be Determined Annually	To be Determined Annually	To be Determined Annually
	Branch Sales 33.4%	To be Determined Annually	To be Determined Annually	To be Determined Annually
Branch Profitability (BP) 32.5%	Gross Margins 33.3%	To be Determined Annually	To be Determined Annually	To be Determined Annually
	Operating Income as a % of Sales 33.3%	To be Determined Annually	To be Determined Annually	To be Determined Annually
	Work Team Sales 25%	To be Determined Annually	To be Determined Annually	To be Determined Annually
Work Team Contribution (WTC) 35%	Operating Income 25%	To be Determined Annually	To be Determined Annually	To be Determined Annually
	Absenteeism 25%	To be Determined Annually	To be Determined Annually	To be Determined Annually
	Lost Time Injury 25%	To be Determined Annually	To be Determined Annually	To be Determined Annually

Notes:

1. Payable amounts in table are in A\$ and would be paid within 6 weeks of the end to the applicable year.
2. No bonus is payable if either company profitability or work team performance measure is below the threshold.
3. Figures are pre tax.

9.6 Are there any exceptions?

The following periods will not be counted as time worked for the purposes of the bonus payment:

- Absences on Workers compensation;
- Any form of unpaid leave whether allowed or not.
- Time worked in addition to normal hours;

Any industrial action occurring during a period of calculation will result in no payment being made during that period.

9.7 Weekly Supplementary Payment

Over and above the Work Team Bonus, each year, if applicable, each individual work team member's performance will be evaluated individually and will be based on skills, job knowledge, years of service, work attitude etc. The company reserves the right to conduct these performance reviews as necessary but will be within the maximum period of 1 year. Based on this evaluation payments will be made as follows:

	Pre tax A\$
	Per Fortnight
Level 0:	Bonus Supplement \$0.00
Level 1:	Bonus Supplement \$20.80
Level 2:	Bonus Supplement \$41.60
Level 3:	Bonus Supplement \$62.40
Level 4:	Bonus Supplement \$83.20
Level 5:	Bonus Supplement \$104.00

The level awarded to an individual will apply for the full year period subsequent to the review (held yearly). Employees may be graded either up, down or remain the same grade as that awarded in the previous grading depending on productivity and performance relative to the company's Mission, Vision and Values. The company

may not downgrade an employee by more than one level per annum, and variations up and down within levels will be at the sole discretion of the Company management.

9.8 Performance Review (All Divisions Excluding Port Macquarie)

Each individual work team member's performance will be evaluated individually and the company reserves the right to conduct these performance reviews as necessary but will be within the maximum 1 year period.”

BANKING SECTOR

“33.4 Performance Bonuses

In addition to the salary increases specified above, each employee shall be entitled to receive a performance bonus up to 3 per cent per annum, to be paid as a lump sum. These future lump payments may be salary sacrificed into Superannuation funds or paid as cash. If such payments are made directly into superannuation funds, taxation is minimised.

Performance bonuses shall be linked to the criteria in the Performance Appraisal. Performance Bonuses will be determined as follows:

% bonus payment	
0%	Unsatisfactory and Marginal
0.5%	Developing (a new employee who has been with (the Company) less than twelve months)
1%	Competent
2%	Commendable
3%	Outstanding

FEDERAL PUBLIC ADMINISTRATION SECTOR

“SECTION I - SALARIES AND ALLOWANCES

Pay Increases

119. In recognition of the ongoing commitment demonstrated by the organisations employees to continuous improvement, including through the measures agreed to and which will be implemented in the life of this Agreement, staff will receive 4.2% with effect from the date of certification of this Agreement by the Australian Industrial Relations Commission.

120. Staff will receive 3.3% with effect from 12 February 2004, subject to meeting their responsibilities for participation in the Performance and Development Framework in accordance with the PDF Guidelines, namely that they have:

- i. Completed the Individual Action Plan (IAP) documentation;
- ii. Participated in PDF discussion sessions with their manager/team leader; and
- iii. Undertaken, to the extent possible, the development solution(s) identified through the PDF, including any assessment activities that form part of a training course identified in the employee's IAP.

121. Staff who do not complete the requirements for participation in the PDF without reasonable cause will not receive the second pay increase. The following circumstances will be accepted as "reasonable cause" for the purpose of this clause:

- i. Long term or frequent leave granted due to illness or injury
- ii. Long service leave
- iii. Compensation leave
- iv. Maternity/adoption leave, or
- v. No opportunity for assessment.”

absenteeism incentive schemes

Despite the debate that continues to surround the appropriateness of paying out accrued sick leave, the utilisation of such entitlements continues to be a popular method of enhancing flexibility options in agreements this quarter. The first agreement covering employees in the transport sector aims to minimise unnecessary sick leave by providing employees with a one-off annual bonus. This agreement states that as long as the employee has had four or fewer days absent on sick leave in each calendar year, they will be provided with a bonus of \$50.00 for each additional unused day of sick leave. Further flexibility is provided to the employee by allowing 10 days of sick leave to be paid out on commencement of maternity leave.

The second agreement, which comes from the housing materials manufacturing sector, provides a non-monetary based incentive for a reduction in the use of sick leave entitlements. Any employee who has had no more than two single day absences in the following twelve months will be entitled to a paid day off the following year. This entitlement increases to two paid days off in the following and subsequent years.

TRANSPORT SECTOR

“28. SICK LEAVE BONUS AND ACCESS TO SICK LEAVE ON MATERNITY LEAVE

A \$50.00 per day incentive shall be paid to each full time Employee for each unused sick leave day accrued each full calendar year, where the Employee has had four (4) or less days absent on sick leave in each calendar year. A maximum payment of \$400.00 per annum shall be available to an Employee in accordance with this subclause, payable the first full pay period after 1 December each year.

(b) Examples of the way this clause operates is provided as follows:

(i)	Annual allowance	- 8 days
	Days off sick	- 4 days
	Balance	- 4 days (a payment of \$200 to apply)
(ii)	Annual allowance	- 8 days
	Days off sick	- 5 days
	Balance	- 3 days (no incentive payment)

(c) – A claim by an Employee for paid sick leave shall be made subject to the Employee providing proof satisfactory to the Employer of sickness or injury and giving notice of the intended absence to the designated Manager prior to the normal commencement time on any one day.

(d) The continuation of the operation of subclause (a) shall depend upon absences due to sick leave and other unpaid absences (excluding absences on workers compensation) taken by Employees significantly reducing over the life of this Agreement (i.e. by a minimum of 50%).

(e) The Employee may claim up to 10 days of paid sick leave on commencement of a period of maternity leave provided;

(i) An Employee has sufficient sick leave accruals to make such a claim, and;

(ii) The Employee returns to work on a date agreed and on such return to work, the Employee has a minimum of 8 days sick leave accrued.”

MANUFACTURING SECTOR

“29 FREE DAYS

An employee who completes twelve-months service with no more than two single day absences shall be entitled to one bee day (paid) that can be taken by mutual agreement in the following service year. Completion of a second year of service with no more than two single day absences shall allow two bee days to be taken. For the third and subsequent years two free days shall apply.”

other innovations

Other innovations in this quarter relate to practices such as converting employee entitlements to additional annual leave. This not only reduces downtime but also provides employees with additional leave entitlements as well as an increase in the level of financial benefits they receive. For example, one agreement from the construction sector states that any accrued RDOs that are not used within a 52-week period will be converted to annual leave and shall attract a leave loading of 17.5%.

A second innovation apparent this quarter relates to the provision of additional incentives for employees to encourage longevity of employment. This is one popular method of attempting to minimise levels of employee turnover within an organisation. One agreement that illustrates this trend comes from the fruit-packing sector. This agreement states that for every 12 months, continuous service with the enterprise, the employee will receive at least one week paid time off in addition to their annual leave entitlement. This clause is innovative since it not only provides for a length of service bonus but also increases this entitlement depending on the classification level obtained by the employee. The maximum period of paid time off that can be received by an employee is 4 weeks.

CONSTRUCTION SECTOR

“RDO’s

17.13. Upon termination by the employer of an employee, or after each 52 week period, any accrual of Rostered Days that employee has, shall be deemed as annual leave and will attract a leave loading of 17.5%”.

FOOD MANUFACTURING SECTOR

“5.4 Classification and Wages

- (a) Employees will be classified according to their skill levels and experience with the company. The Company's requirements for skills at each level specified in this agreement are set out in the Company's Employee Handbook.
- (b) The adult rates of pay are as follows:

Classification Level	Standard Ordinary Weekly Rate	Permanent Ordinary Hourly Rate	Casual Ordinary Hourly Rate	Bonus
Level A	\$431.40	\$10.785 per hour	\$13.266 per hour	
Level B	\$457.30	\$11.433 per hour	\$14.062 per hour	
Level C	\$483.20	\$12.080 per hour	\$14.858 per hour	1 weeks paid Time Off for 12 Months Continuous Service at this level
Level D	\$517.70	\$12.943 per hour	\$15.919 per hour	2 weeks paid Time Off for 12 Months Continuous Service at this level
Level E	\$552.20	\$13.805 per hour	\$16.98 per hour	4 weeks paid Time Off for 12 Months Continuous Service at this level

- (c) The hourly rates above represent compensation for all disabilities, allowances and overtime rates, except as provided for elsewhere in this agreement.
- (d) The hourly rates above for casual employees include a loading of 23% (to be adjusted in accordance with any future increase in the minimum casual loading as determined by the Queensland Industrial Relations Commission) to take account of the differences in entitlements from permanent employees. This loading is only payable on ordinary hours worked. All overtime is to be paid using the permanent hourly rate above with the appropriate penalty to be calculated using this rate.
- (e) During the period referred to in clause 1.4 the weekly and hourly rates contained herein shall increase annually in accordance with the General Wage Rulings of the Queensland Industrial Relations Commission or by 3%, whichever is the greater, on the anniversary of certification of this Agreement as shown in the above table.”

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 December 2003, the ADAM Database has information on 11,178 registered enterprise (collective) agreements from the Federal and State jurisdictions as follows:

Federal (5372), NSW (1900), SA (803), Queensland (2014), WA (1089).

The ADAM Database also holds information on federal Australian Workplace Agreements covering 1,282 employers (of the current total of 3,964 employers with approved AWAs).

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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 10,800 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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