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Agreements Database And Monitor REPORT

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wage trends

wage increases in March 2003 quarter certified agreements

The average annual wage increase for certified agreements registered in the March 2003 quarter was 4.2% (per agreement), up by 0.4% percentage points from 3.8% in the December 2002 quarter.

A widening gap between average annual wage increases in union and non-union agreements was reported (4.0% and 3.4% respectively) in the December 2002 quarter *ADAM Report No # 36*. Figure 1.1 below shows that in the March 2003 quarter, this gap has narrowed delivering average annual wage increases of (4.3% and 4.1% respectively). Private sector agreements approved in the March 2003 quarter have also shown a growth in average annual wage increases with an increase 0.4% from the previous quarter. The public sector increased by 0.2%.

Figure 1.1: March 2003 quarter average annual percentage wage



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

high wage outcomes in March 2003 quarter agreements

Moving off award arrangements onto enterprise based agreements was the most common outcome in high wage agreements this quarter. In one agreement, moving from existing award conditions to an enterprise agreement equated to an increase of up to 30 per cent to the base wage, in order to bring the wage rates up to “market” level. Other high wage agreements also outlined that remaining competitive in the marketplace was a focus for maintaining employment levels.

Other common trade offs this quarter included the introduction of new classification systems and the absorption of various allowances such as penalty rates and overtime. In some cases, high wage increases were given in exchange for commitment from employees to carry out a more flexible range of tasks. There were also various agreements that provided high wage outcomes that were linked to Key Performance Indicators.

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

Industry (AAWI)	Key Provisions
<p><i>Transport Industry</i> (AAWI 19%)</p>	<ul style="list-style-type: none"> • A one-off increase of 38 per cent to the base-rate of pay is given over the 24-month life of this agreement, which is granted upon certification. Any further wage increases will be based on movements in CPI. This is to be reviewed on the anniversary date of certification. • This increase was in exchange for moving off award conditions. A further trade-off was the incorporation of Saturday penalty rates. • The agreement also indicates that the wage increase was in exchange for a commitment from employees to carry out a more flexible range of tasks.
<p><i>Community Health Sector</i> (AAWI 13.95%)</p>	<ul style="list-style-type: none"> • Employees will receive a guaranteed increase of 27.9 per cent over the 24-month life of this agreement. Any further wage increases will be the subject of a review of CPI movements that occur over all capital cities in Australia. • The agreement provides for the introduction of a new classification system based on skills and the amount of hours worked. • All employees are still paid overtime and there is no indication of any further absorption of allowances or penalty rates.

<p><i>Retail Sector</i> (AAWI 12.18%)</p>	<ul style="list-style-type: none"> • Employees will receive an initial increase of 19.8 per cent upon certification. A further increase of 10.65per cent will be paid over 5 installments throughout the life of this 29-month agreement. • The initial increase of 19.8 per cent was a result of a move to an enterprise agreement. The high wage increase was in compensation for any loss of earnings under their prior arrangements. • Employees continue to receive the appropriate award penalty and overtime rates.
<p><i>Creative Arts Sector</i> (AAWI 7.70%)</p>	<ul style="list-style-type: none"> • This 36-month agreement provides for an initial increase upon certification of 14.8 per cent. A further increase of 8.3 per cent will be paid over two installments, 6.7 per cent will be paid on the first anniversary date and an additional 1.6 per cent on the second anniversary date of certification. • 9This agreement also provides employees with a 4 per cent wage increase for every continuous year of service up to a maximum of 20 per cent for ten years of service. • There is also the provision of a 'duty increment' that is paid to the employee when they undertake extra responsibilities. This allowance ranges from 15-35 per cent of an employees base wage.
<p><i>Transport Maintenance Sector</i> (AAWI 7.0%)</p>	<ul style="list-style-type: none"> • This agreement provides for an initial wage increase of 8 per cent. On the first anniversary date of this agreement, employees will receive an additional 7 per cent wage increase. This is followed by a 6 per cent wage increase on the second anniversary date of the agreement. • High wages were a result of a new classification structure, where all employees received the same wage increases. • The new wage rates were developed in line with competitive market rates. The new wage rates and classification structure also increased uniformity across the whole organization. • Several allowances were also absorbed into this wage increase such as dangerous goods and forklift allowance.

<i>Recycling Sector</i> <i>(AAWI 6.00%)</i>	<ul style="list-style-type: none">• This 24-month agreement provides for a guaranteed wage increase of 10 per cent and an additional 2 per cent wage increase if certain KPIs are met. There is an initial wage increase of 4 per cent on certification followed by a minimum increase of 3 per cent on the two anniversary dates of certification. A review of KPIs achieved will occur every 12 months.• The KPIs include lost time due to injuries, medical injury frequency rate, absenteeism and efficiency/output levels. This agreement provides for a system of calculating KPIs. If partial achievement of KPIs occurs, then employees will receive a pro-rata payment.• Additional KPIs are to be agreed upon by the employee and employer throughout the life of the agreement.
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Source: ADAM Database, 2003, ACIRRT, March 2003 Quarter, University of Sydney.

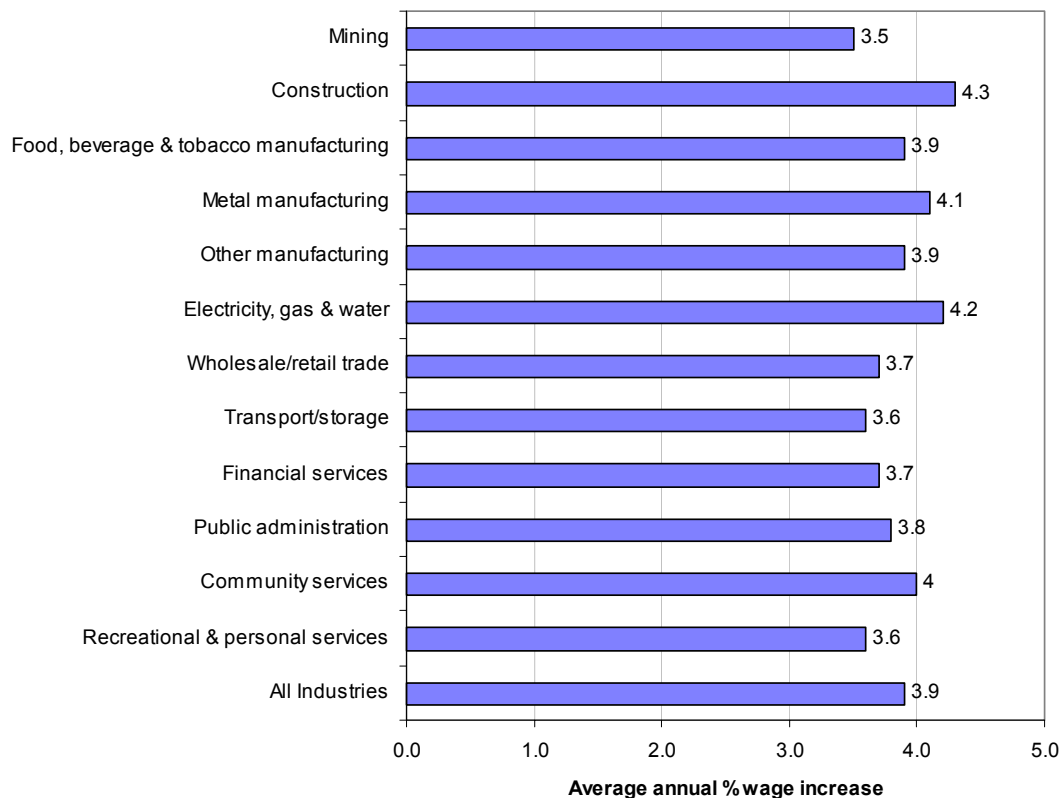
Note: High wage agreements are defined as those delivering an AAWI of 5% or above.

wage outcomes in current collective agreements

The average annual percentage wage increase for all currently operating agreements (as at the end of the March 2003) was 3.9%, unchanged from the previous quarter.

There has been little change since the previous *ADAM Report No# 36*. Figure 1.2 shows that the construction and the electricity, gas and water industries lead the wage increase outcomes, delivering annual average wage increases of 4.3% and 4.2% respectively. The mining industry for the fifth consecutive quarter provides the lowest annual wage increase of 3.5%.

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



Source: ADAM Database, 2003, ACIRRT, University of Sydney, (n=1443).

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

special issue – paying out or accruing sick leave?

The majority of Australian employees (other than casuals) are entitled to paid sick leave as part of their employment benefits. This issue of the *ADAM Report* looks at the incidence of paying out unused sick leave and approaches taken in enterprise agreements.

paying out unused sick leave

Up until the last decade, paid sick leave provisions were relatively standardised with little scope for any flexibility in use by either employees or employers. In recent years, employers have been looking at options of paying out unused sick leave to maximize on-the-job productivity and continuity. For many employers, a high rate of single day sick leave absences by their staff is costly, disruptive and, in some cases, must be covered by additional casual employment or agency workers. To address what is seen as high levels of sick leave absences that may be perceived as being non-essential or discretionary a number of organizations have offered to pay out employees for unused sick days.

While such paying out of sick leave is rare in awards it has become a feature of some of the flexibility options being pursued through agreements. There are a number of approaches being adopted in agreements to the paying out of sick leave.

Employee's unused sick leave may be paid out during employment, on resignation, retirement, termination, redundancy, or even to the next of kin on the death of an employee.

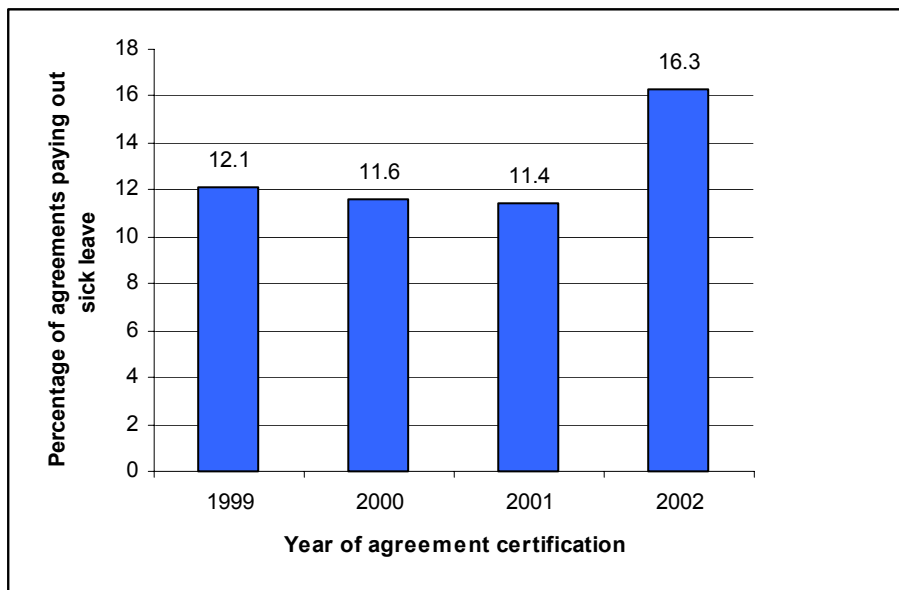
Paying out sick leave provisions in enterprise agreements are generally provided to employees as an option that may be exercised. The following are a number of issues that need to be determined in paying out unused sick leave.

- who is eligible to convert their accrued unused sick leave to a cash payment
- whether the payment is made annually on the anniversary of appointment or at different payment periods during employment or on termination of employment.
- the number of unused sick leave days that can be paid out, preserving a minimum number of sick days for the employee.
- the groups of employees that may be entitled to have their unused sick leave paid out.
- whether unused sick leave is paid out at a variety of rates based on the employee's attendance

how common is paying out unused sick leave?

On average, organizations provide 10 days sick leave per year. An analysis of currently operating enterprise agreements on the *ADAM Database* showed that 36% of agreements had provisions relating to the accumulation of sick leave, but only 14% of agreements provided an option to pay out unused sick leave. Despite this low incidence, there is evidence to suggest that, more recently, employers are more likely to introduce paying-out of unused sick leave provisions. Figure 1.3 below shows an increase (4.9%) between 2001 and 2002 in paying out unused sick leave provisions in enterprise agreements.

Figure 1.3: Incidence of paying out sick leave provisions in enterprise agreements 1999 - 2002



Source: ADAM Database, 2003, ACIRRT, University of Sydney, (n=4329).

Paying-out unused sick leave provisions appear to be more likely in unionized agreements (17.2%) than non-union agreements (7.3%) and to be found in the private sector (16%) than the public sector (6.1%). This is reflected in the industry break down. Mining is by far the most likely industry to pay out unused sick leave entitlements, with over one third (40%) of all currently operating mining agreements providing for the paying out of unused sick leave. Metal manufacturing (29%), other manufacturing (27.2%) and food beverage and tobacco manufacturing (23.5%) also have such provisions. The industries least likely to pay out unused sick leave were community services (3.1%), followed by recreational and personal services (5.6%)

Table 1.2 Incidence of paying out sick leave provisions in currently operating enterprise agreements, by union party to agreement, sector and industry

	% of agreements
All current agreements	14.0
Union agreements	17.2
Non-Union agreements	7.3
Public Sector	6.1
Private Sector	16
Construction	13.9
Mining	40.0
Food Beverage & Tobacco Manufacturing	23.5
Metal Manufacturing	29.0
Other Manufacturing	27.2
Electricity Gas and Water	10.3
Wholesale/Retail Trade	11.8
Transport/Storage	10.0
Communications	9.1
Financial Services	9.7
Public Administration	12.0
Community Services	3.1
Recreation and Personal Services	5.6

Source: ADAM Database, 2003, ACIRRT, University of Sydney, (n=1876).

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

why pay out unused sick leave?

Paying out unused sick leave may be of some benefit to both employers and employees. The main advantage for employees is that for any period of time during which they takes less sick leave than provided for, they will earn additional income to their normal rate of pay. Other advantages of paying out sick leave for employees are:

- employees are not tempted to take sick leave when there is no genuine reason to;
- employees are generally free to choose a mix of sick leave or cash benefit

For employers the main advantages of paying out sick leave are that they can expect a reduction in the aggregate number of sick day absences, resulting in increased productivity levels and certainty in staffing.

However there are also cogent arguments against a scheme of paying out unused sick leave. The main argument is that the financial inducement not to take sick leave when people are genuinely ill may be bad for the health of the employee. Further more, it may result in other employees also becoming ill if they come into contact with an infectious employee who has come to work when they should be recuperating at home. Finally such a system could send the wrong message to employees by being seen as a de facto pay increase for work that has already been paid for.

experiences of organisations with paying out provisions

Site Manager, Warehousing & Distribution Company

“Financial incentives are not just enough on their own, as a manager you need to look at the social side of things. It really depends on the culture of the workplace. When we first introduced the scheme, a lot of blokes just took it and cashed all their days in (up to 20 days). The occasional one-off sick days disappeared which was a good sign for absenteeism rates. However, some employees were coming in to work yet they were still sick, so we had to send them home. We have since reduced the number of days that can be cashed in to 10 as a result. Overall, these schemes have to be part of a bigger social or cultural initiative where the employees also need to be involved. You need to talk to the employees.”

Many workers and employers now seek means to permit employees to balance work and family responsibilities in a workforce with high rates of participation by parents of dependent children.

HR Manager, Transport Services Company

“You can use a financial incentive on its own, it will not work. We have taken a holistic and long-term approach to managing absenteeism which includes a range of areas that we have targeted and planned. You need to be able to cater for all types of workers, those who are more likely to take sick leave and those who hardly use it at all. Our absenteeism rates are currently only 2% and feel that our program has contributed to this outcome to an extent.”

Sick leave has, in many instances, come to be regarded as a leave entitlement whether or not the worker is really sick. The broader concept includes sick leave as leave taken to care for a sick family member and bereavement leave.

HR Manager, Food Manufacturer-Maintenance Division

“There is no benefit to be gained from this initiative and has become an additional cost. I have seen no real difference to absenteeism rates. Such initiatives can have an impact initially but it disappears over time. People get used to it and then expect the financial gains. It really comes down to the point that money is not a real motivator. To address absenteeism properly you need to look further, particularly into the causes and the cultural aspect of the workplace.”

is it the answer?

Somewhat unfairly paying-out of unused sick leave does “reward” healthy people. It can also be seen to provide a financial incentive for employees not to take “discretionary” or non-genuine sick leave and it does provide an unhealthy incentive for the genuinely ill to continue to go to work when they should be at home. Clearly, such a scheme does not attempt to address the underlying reasons for non-attendance at work that some employees take as sick leave. To do so would require a broader concept of personal leave, to permit employees to manage their family and other non work responsibilities. Second, there is an increasing acceptance that some absences from work may be a response to job dissatisfaction or other issues at the workplace. Finally, once introduced and there are expectations of additional income from cashing in unused sick days it may become difficult to remove if the scheme proves to be problematic. An effective sick leave scheme should discourage employees from taking sick leave when they are not genuinely sick and encourage them to attend work when they are well.

sample clauses

The following sample clauses show that most agreements had a cap on the number of sick leave days that could be paid out, mainly for the purposes of preserving an employee's general right to time off when sick. The cap varied from 5 to 15 days per annum. In most cases, paying-out of leave was conducted retrospectively and usually provided as an option to employees.

CLOTHES MANUFACTURING SECTOR

17. Sick Leave

In order to reduce absenteeism the parties agree to the following incentive scheme:

- *Employees will elect whether they wish to participate in this incentive scheme or not by provision of written notice by the 1 January of each year. New employees commencing after the 1 January may participate in the scheme in subsequent year's but not in the first year of their employment.*
- *Once a choice has been made, it stands for the whole year. Employees may alter their choice for the following year by provision of written notice.*
- *The incentive scheme shall commence 1 January.*
- *The scheme effects only sick leave that accrues from the 1 January in each year.*
- *Previous years' accruals for sick leave are not affected by the scheme and cannot impact on the scheme.*
- *Employees will continue to accrue 8 days sick leave per year. Entitlement dates for future accruals will be altered to 1 January for each employee so that previous year's entitlements are unaffected.*
- *Employees who take less than 3 days sick leave between the 1 January and 1 December will be entitled to receive payment in lieu of a maximum of 3 days sick leave, as long as they have maintained a minimum balance of 5 days sick leave to guard against loss of income in case of illness.*

For example,

- *If 0 days Sick Leave is taken and the employee has a balance of 5 days sick leave remaining at 1 December, the employee shall receive 3 days payment in lieu of sick leave.*
- *If 1 days Sick Leave is taken and the employee has a balance of 5 days sick leave remaining at 1 December, the employee shall receive 2 days payment in lieu of sick leave.*
- *If 2 days sick leave is taken and the employee has a balance of 5 days sick leave remaining at 1 December, the employee shall receive 1 days payment in lieu of sick leave.*

- *If 3 or more days sick leave is taken the employee shall not receive payment in lieu of any sick leave.*
- *All payments to be made in lieu of sick leave shall be made in the first full pay period commencing on or after the 1 December.*
- *All payments made in lieu of sick leave will reduce the employee's accrued hours of sick leave.*
- *An employee cannot take unpaid sick leave while they have sick leave accruals.*
- *When sick leave is taken, the hours taken shall be deducted from the current year's accruals (i.e. the 8 days that accrues from 1 January), before previous years' entitlements are utilised.*
- *The term Sick Leave includes Family Leave.*

The parties agree that a quarterly report will be produced by the Company showing how much sick leave employees have taken in the preceding quarter.

BUILDING CONSTRUCTION INDUSTRY

14. SICK LEAVE, SPECIAL LEAVE, ANNUAL LEAVE

One of the key efficiency and productivity contributors is high attendance and low absenteeism. It is for this reason a total leave concept will apply.

The total leave concept is intended to be an authorised 'leave package' which an employee can draw from.

The total leave package consists of the following hourly components per annum (for the period of employment on this Project.)

<i>Sick Leave (equal 15 days)</i>	<i>120 hrs</i>
<i>Special Leave</i>	<i>16 hrs</i>
TOTAL	136 hrs

The total accrual per month is 11.33 hrs.

The Total Leave package includes sick leave, and special leave i.e. personal carers leave, bereavement leave, natural disasters, retirement seminars, blood donations and bone marrow donations leave and Trade Union training leave.

Leave is accumulated and credited as total leave on a pro rata basis from the first complete calendar month of employment (except in the case of casual employees).

Public holidays, parental leave (if and when applicable), jury service and court appearances, are not included in the total leave package.

Total leave accumulated by the employee and not used at the employee's request may be paid twelve (12) monthly to the individual or to a nominated superannuation fund (on a salary sacrifice basis subject to taxation rulings).

Where other special leave is applied for by an employee to participate in community activities such as a public emergency, consideration will be given to pay such special leave on a case by case basis.

Total leave will be paid out at the hourly rate for each classification.

A bank of at least five days (38 hrs) must be kept by the employee to be used for emergencies such as longer term sick leave.

FOOD PRODUCTS MANUFACTURING INDUSTRY

5. LEAVE PROVISION

j) Sick Leave

(i) Entitlement for full time permanent employees shall be 56 hours in the first year and 96 hours for each subsequent year thereafter. Where applicable entitlement includes RDO accrual payable while on sick leave.

...

(iii) On the month end following the employee's anniversary date, leave entitlement for the following year will be credited to the employee's account. If leave entitlement calculated on a pro rata completed month basis is in excess of 144 hours the employee shall have the choice of converting their entitlement in excess of 144 hours as follows:

- *an additional payment or*
- *a salary sacrificed contribution into their superannuation account.*

(iv) Upon termination, the employees entitlement calculated on a pro rata completed month basis, shall be included in calculating the amount in termination pay.

Employees who have worked on afternoon or night shift shall receive the appropriate shift penalty on a pro rata basis.

FOOD MANUFACTURING INDUSTRY

21. SICK LEAVE

21.6. *An attendance bonus will be paid each year which will be the equivalent of the balance of the unpaid sick leave at the employee's last anniversary date to the maximum of the previous years' grant. Equivalent sick leave credits will be deducted from the sick leave balance.*

21.7. *On termination, a monetary attendance bonus will be paid out equivalent to all unpaid sick leave at ordinary time rate, except in the case of summary dismissal when no payment will be made.*

21.8. *On the death of an employee the attendance bonus in 20.6 will be paid to the employee's estate at the appropriate rate.*

innovative provisions

occupational health and safety

This quarter saw a number of occupational health and safety provisions providing comprehensive procedures relating to employee consultation, representative entitlements and safety bonus systems. The first provision is from an agreement covering workers in the construction industry. The agreement outlines the process of consultation and training provided to all employees. The agreement details a safety committee used as a forum to promote new safety initiatives as well as the resolution of health and safety matters. Safety representatives are given paid leave to attend safety training courses and all employees will be given substantial on-the-job training. The use of such detailed safety provisions aims to promote a higher level of co-operation between management and employees in order to develop effective policies relating a variety of issues such as accident investigation and prevention, safety performance indicators and absenteeism.

The public health sector agreement attempts to provide safety representatives with substantial rights and entitlements. In this particular agreement, safety representatives have the same entitlements as union delegates in relation to taking 'reasonable time-off' from duty to attend health and safety issues. In addition, all meetings that these representatives are required to attend outside their normal hours will be paid for. Representatives are also provided with access to facilities such as telephones, computers and meeting rooms.

Finally there is a provision that provides for recognition of employee participation in safety systems. The local government agreement provides for an annual safety bonus of \$2,500 if all employees reach 90% compliance with the safety management system. This system encourages all employees to participate, as part-time and casual staff are also entitled to payment on a pro-rata basis.

CONSTRUCTION INDUSTRY

"10. OCCUPATIONAL HEALTH AND SAFETY

(a) Objective

The parties to this agreement are committed to achieving healthier and safer jobs through workplace changes aimed at improved efficiency and productivity. This will be accomplished by establishing a comprehensive approach to managing occupational health and safety (OHS) issues which aims to:

- (i) control hazards at source;
- (ii) reduce the incidence and costs of occupational injury and illness;
- (iii) review work and management practices affecting the inter- relationship between efficiency, productivity and health and safety; and

(iv) provide a rehabilitation system for workers affected by occupational injury or illness.

(b) Consultation

Consultative mechanisms will be established to address occupational health and safety issues. Such mechanisms will include:

- (1) the election of union health and safety representatives who will represent fellow workers in negotiations on health and safety matters;
- (2) the establishment of an occupational health and safety committee; and
- (3) the establishment of consultative procedures for the resolution of health and safety issues that includes the right of health and safety representatives to advise workers to refuse to do unsafe work.

The OHS Committee shall consist of equal numbers of management and union representatives, unless otherwise agreed.

The Committee shall meet at least quarterly and will facilitate co-operation between management and employees on health and safety matters including the development, implementation and review of OHS policy and procedures, analysis of injury/incident trends and workers' compensation performance and review of accident/dangerous occurrence reports together with reports on preventive action taken.

(c) Training

- (1) Employee OHS representatives will be given paid leave to attend trade union OHS training courses.
- (2) Workplace training programs, including induction and on-the-job training, will outline company OHS policy and procedures, particular hazards associated with the job, controls measures applicable to each hazard, and how to utilize OHS systems to identify hazards and instigate preventive actions.
- (3) Management training programs will outline company OHS policy and procedures, particular hazards associated with the job, controls measure applicable to each hazard and how to utilise OHS systems to identify hazards and instigate preventive actions.

(d) Occupational Health and Safety Program

(i) The employer shall institute procedures for collecting information on the nature of hazards and incidence of injury which includes:

- (1) an internal system for reporting, recording and investigation of incidents, injuries and illness;
 - (2) the routine analysis of injury/illness/incident date, and
 - (3) routine reports on key OHS performance indicators (lost time trends, injury frequency rate trends, cost and severity measures, estimation of indirect costs).
- (ii) A system of regular workplace inspections and regular hazard audits of work areas and work practices, which include reference to relevant legislation, standards and codes of practice shall be instituted at the workplace. These will be carried out with the involvement of the OHS representatives.
- (iii) Records of workplace inspections shall be maintained by the employer and made available to the Occupational Health and Safety Committee.
- (iv) A scheduled maintenance program which includes requirements of relevant occupational health and safety legislation, standards and codes of practice shall be maintained in consultation with the Occupational Health and Safety.
- (v) The employer shall take prompt action to deal with any health and safety problems.”

PUBLIC HEALTH SECTOR

“39.2 Job and Occupational Health and Safety Representatives

39.2.1 In addition to other leave entitlements, job and occupational health and safety representatives are to have reasonable time release from duty to attend to matters relating to industrial, occupational health and safety or other relevant matters such as grievance procedures, committee meetings etc.

39.2.2 Where representatives are required to attend management meetings outside of paid time they will be paid to attend.

39.3 Access to Employees and Facilities

39.3.2. The Occupational Health and Safety representatives shall be provided with access to facilities such as telephones, computers, e-mail, notice-boards and meeting rooms in a manner that does not adversely affect service delivery and work requirements.

39.3.3. A notice board for the delegates use should be established in each Department.”

*LOCAL GOVERNMENT SECTOR***4.16 Quality/Safety Bonus**

“Each Christmas, all staff shall be entitled to a \$2500.00 Quality/Safety Bonus, provided a minimum of 90% compliance with the established 5 Star Safety Management System is reached.

If 70% compliance is reached, 50% of the Bonus shall be paid. (\$1250.00)

If 90% compliance is reached, 100% of the Bonus shall be paid. (\$2500.00)

New, Part-time and Casual employees shall be paid on a pro-rata basis.”

performance based payments

The following selection of agreements illustrates how organizations continue to develop merit-based systems such as gainsharing, bonus payments and profit sharing, ensuring that the gains from improved performance are shared between the employee and employer. The coal mining industry agreement provides for a weekly bonus of \$300 if employees meet certain recovery and delivery requirements. The provision also suggests that if output exceeds requirements then employees may receive a rating of ‘excellent’ and be paid \$400 for every week that they maintain this standard. Employees also contribute to the decision-making process of determining how the bonus system is applied.

The second provision, from the metal manufacturing sector, provides employees with an additional payment based on improvements in a number of key performance areas. These areas include machine efficiencies, a reduction in waste level, improvements in safety standards and a reduction in lost time injuries (LTI’s). If employees improve in all of these areas, they have the possibility of earning over an additional \$2,000 per year.

The transport industry agreement entitles employees to a bonus, equivalent to 1.5% of their normal hours worked. This bonus is to be paid quarterly and is based on meeting various performance indicators such as safety and cost savings. This system provides for pro-rata payments based on performance levels. For example, if only 50% of a target is met, employees will only receive a 0.75% bonus. However, if employees exceed targets by 50%, employees will receive a 2.25% bonus. Employees can also choose to have this bonus paid in the form of an additional superannuation contribution via a salary sacrifice system.

The fourth agreement, from the construction industry, provides for a profit sharing scheme. The agreement recognizes and rewards employee effort via a profit share arrangement. At the end of every financial year, 30% of the pre-tax annual profit is distributed among employees. Pro-rata payments will be made to those employed for more than three months but less than a year. Employees also have the option of converting this payment to an additional superannuation contribution.

MINING INDUSTRY

“16. Bonus and Performance Payments

The Employer will pay employees Bonus in accordance with the following Bonus Scheme.

16.1. Base Bonus

16.1.1 The Base Bonus is \$300.00 per week, paid at \$60.00 per weekday to a maximum of 5 week-days.

16.1.2 This Base Bonus applies to all bone-fide shifts, and for all Base Shift Leave Period payments.

16.2. Coal Recovery Bonus;

Back-ground Parameters;

[The employer] and production workers all wish to maximise economic coal recoveries and deliveries as this is essential for there be a successful mine.

The mine site multi-seam operations are acknowledged to be difficult to mine efficiently and require extra care and operating skills to achieve good coal recoveries.

The areas for improving economic coaling recoveries are by reducing dilution, by reducing mining losses, and by meeting monthly deliveries within the allocated working hours.

The aim is to achieve industry best practice for coal recoveries.

16.2.1. When an agreed practical and reliable method of measurement of economic coal recoveries is established which does not leave room for argument between the employer and Production workers as to the actual results, and also when the employers agree upon commercial details, then the mine will introduce a Coal Recovery Bonus.

16.2.2. If the Coal Recovery Bonus is not already in place by 30/3/03, then relevant coal recovery data will be kept to enable back-payments to that date when sub-clause 16.2.1 details are settled.

16.2.3 The Base Bonus will remain at \$300 per week.

16.2.4 The Coal Recovery Bonus is an additional performance related bonus which is only payable for actual working week-days in attendance, including wet days, by both Production and Maintenance employees.

16.2.5 The method of measurement will be as proposed by the employer after further research of practical parameters and consultation with all parties.”

16.2.6 The Coal Recovery Bonus will vary between zero and \$400 per month for performance measured Coal Recoveries ranging between fair and excellent, measured monthly, and paid monthly in arrears.”

MINING INDUSRTY

“14. Gainsharing

Productivity and plant performance is critical to the viability of the business in terms of the ability to meet customer requirements and maintain competitiveness against alternative suppliers who seek our customer's business. The future competitive challenges faced are on a global basis and therefore it is imperative that we maintain the good performance standards achieved in the past and continually seek out opportunities for improvement.

- a) Machine Efficiencies
- b) Machine efficiency performance is critical to these aims and therefore during the term of this agreement a bonus system will be incorporated and paid as follows:

	Monthly
1) Monthly Galileo Efficiencies not less than 65%	\$25.00
2) Monthly Galileo Efficiencies not less than 75%	\$25.00
3) Monthly Slitter Efficiencies not less than 95%	\$25.00
4) Monthly Slitter Efficiencies not less than 100%	\$25.00
 Total monthly efficiency bonus achievable	 \$100.00

- c) Waste and Spoilage
- d) Waste performance in terms of product spoilage is crucial to maintaining the business's cost competitiveness. Waste in terms of customer returns is crucial to the business's standing as a quality defect free supplier with its customers. During the term of this agreement a bonus system for waste will be incorporated and paid quarterly over the 12 months as follows:
- e) A \$120.00 bonus payment paid per quarter for total waste, inclusive of customer returns excluding trim waste not more than 2.0%. (\$480.00 per year)
- f) Safety (Zero Lost time Injury LTI's)
- g) Constant awareness of safe working practices and recognition of the joint responsibility for the maintenance of an injury free work environment is a fundamental obligation that needs to be fostered in the business. A workplace free of all injuries is the ultimate goal that needs to be adopted by all employees. A continuation to our Zero LTI record is a measure by which we can work towards this outcome.
- h) During the term of this agreement a bonus on the 12 month (LTI) performance will be paid as follows:
 - i) A \$75.00 bonus payment paid per quarter for no LTI's .
 - j) Constant awareness of safe working practices and recognition of the joint responsibility for the maintenance of an injury free work environment is a fundamental obligation that needs to be fostered in the business. A workplace free of all injuries is the ultimate goal that needs to be adopted by all employees. A target of one or less MTI is a measure by which we can work towards this outcome.
- k) During the term of this agreement a bonus on every quarter (MTI) performance will be paid as follows:
 - l) A \$50.00 bonus payment paid per quarter for no MTI's. (\$200.00 per year)”

TRANSPORT INDUSRTY

“3 TERMS AND CONDITIONS

- 3.1.1 A provision of this Agreement is that in addition to the wage rates set out in Schedule 1 a performance based bonus system will be introduced from 1 March 2003. The bonus system will be based on 1.5% flat payment (not for all purposes) for ordinary hours worked and will be determined by Key Performance Indicators (KPI) consistent with the employer’s commercial contract.

The parties will confirm the specific KPI targets for the period 1 March 2003 to 1 July 2004. Examples of specific KPI targets will include safety, business case performance, cost savings generated from the workforce. The first payment of the bonus will take place from the first full pay period on or after 1 July 2004 or after the KPI performance has been confirmed. Thereafter it is intended that the payment will be made on a quarterly basis. A bonus payment of a less, or greater amount, than the 1.5% target may be applicable. The actual payment must have a direct correlated link to the overall Alliance KPI performance. For example, if the Alliance workforce meet only 50% of its targeted performance a .75% bonus is payable. Similarly a 50% KPI performance above the target will result in a 2.25% bonus.

With the prior authority of the employee, the bonus payment may be contributed to superannuation on a salary sacrifice basis.

A similar bonus system will be developed to apply on a pro-rata basis for seasonal employees employed.”

CONSTRUCTION INDUSTRY

“35. Profit Sharing Agreement

The employees covered by this agreement will participate with other employees of this division in a profit sharing scheme. Under this scheme 30% of the pre-tax annual profit of the division will be distributed amongst eligible employees (excluding apprentices).

SCHEDULE B

PROFIT SHARING AGREEMENT

The details of the Agreement are:

- Thirty (30) percent of the pre-tax annual profit of the Client Services Division will be distributed amongst eligible division employees in proportion to their all purpose rate of pay. Eligible employees excludes Apprentices but includes other Division staff outside the scope of this Enterprise Agreement.
- The profit share can be taken as a lump sum payment (less tax and compulsory 9% superannuation) or an additional superannuation payment. There is a 3 month continuous service with the Company qualifying period before being eligible to join the Agreement. Financial participation in the benefits will be calculated from the date of joining the Agreement.
- The Profit Share is paid in September based on the Company's audited accounts for the financial year ending 30th June.

Employees will receive:

No Profit Share: if they are invited to join the Agreement but resign or are dismissed for poor performance or misconduct before 30th June.

Pro-rata Profit Share: if they join the Profit Sharing Agreement part way through the year, are made redundant or are absent on unpaid leave for an extended period. In the first year profit share will be calculated on 7/12 of the Divisions annual profits, i.e. 7 months worth.

Full Profit Share: If they are eligible members of the Agreement and work the whole year in second and subsequent years.

The Company reserves the right to alter or abandon the Profit Sharing Agreement if this Enterprise Agreement is altered or not adhered to in any way.”

family friendly provisions

There are a number of agreements this quarter containing innovative family friendly provisions. The agreements selected all provide cost-effective solutions to both employees and employers seeking to address the various difficulties associated with striking the balance between work and family life.

Several agreements contain provisions which allow employees to bring children to work. The first agreement from the education sector recognises the pressures that employees may experience when attempting to balance their work and family lives, offering a cost-effective solution to both parties in overcoming the problem of childcare. The employer also acknowledges that overtime can impinge upon the family lives of workers. The agreement states that family pressures are sufficient justification for employees not to work beyond their standard hours. If overtime is worked the employer will subsidise childcare.

Similarly, an engineering sector agreement provides for an innovative solution by allowing employees to access two days of their annual carers' leave entitlement to be used when their children under 13 years of age are at home on a school student-free day. This appears to be a cost-effective solution for both employers and employees in overcoming difficulties associated with childcare, in that the employer is not incurring any additional cost. Employees are able to ensure their children are being looked after when they are not at school without having to pay for childcare.

The third agreement comes from the community services sector and addresses the issue of maternity leave. The agreement stipulates that paid parental leave is to be taken at half pay, with entitlements ranging from eight weeks at half pay for employees with between one and two years service to 14 weeks at half pay for workers with service of more than five years. However, if an employee is in the latter category, the agreement allows them to access their accrued long service leave entitlements so as to gain up to a further six weeks leave at half pay. Allowing employees to access their accrued entitlements in such a manner again points to a relatively cost-effective solution for employers wishing to enable workers to balance their work and family lives.

EDUCATION SECTOR

"Child Care

The employer acknowledges that many staff combine family with work responsibilities. [The employer] will continue to do what it can to ensure that there is no direct or indirect discrimination on the basis of parenthood.

The employer recognises that the care of children is not confined to the social and private realms of life and that family responsibilities may be the concern of any adult.

An employee may, when it is appropriate and safe to do so, occasionally bring one or more children to work, where this does not conflict with the performance of the employee or other employees. Requests by staff to bring their children to the workplace will be treated sympathetically by management.

The ultimate responsibility for the safety of all persons in the workplace resides with the employer, and the employer cannot accommodate a child where this could create a situation of danger, stress or undue irritation to the child, the parents or other staff or students. The employer therefore reserves the right to decide whether a child should be permitted in, or should be allowed to remain in, any particular location. It is the responsibility of the employee to ensure that any child brought to the workplace is appropriately supervised at all times.

Where an employee is required to work overtime and child care is a particular problem, this should be sufficient grounds for the employee not to work, otherwise the employer will reimburse the employee for child care costs.”

ENGINEERING INDUSTRY

“Additional Carers' Leave Provision - Non Accumulative

Employees may access provisions of the existing Carers Leave clause in the Award by allowing 16 hours of the existing 40 hours entitlement of Carers Leave to be accessed by employees when their child, step child or ex nuptial child has a student-free day. This provision is subject to the following provisions:

A letter from the school confirming the day as a gazetted Student Free day,

Production of a Statutory Declaration or other documentary evidence by the employee that as the parent or legal guardian of the child, they were the only person available to care for the children during the day, and

Applicable only to children under the age of 13 years.”

COMMUNITY SERVICES SECTOR

“Parental leave

The provisions of the Family Leave Award 2000 (or as amended) applying to and are deemed to form part of this Agreement with the exception that no compulsory period of maternity leave shall apply.

It is to be noted that:

- (1) Part-time work can be performed by agreement in the circumstances specified in the Parental Leave Award - State.
- (2) A copy of the Parental Leave Award - State, is required to be displayed in accordance with section 15.4.1 of the *Industrial Relations Act 1999 - 1991*.

The following table shall apply for the taking of parental leave:

Less than 1 years service	n/a
More than 1 years service	4 weeks pay taken as 8 weeks at 50% pay to be taken at the time of leave
More than 2 years service	5 weeks pay taken as 10 weeks at 50% pay to be taken at the time of leave
More than 3 years service	6 weeks pay taken as 12 weeks at 50% pay to be taken at the time of leave
More than 4 years service	7 weeks pay taken as 14 weeks at 50% pay to be taken at the time of leave
More than 5 years service	7 weeks pay taken as 14 weeks at 50% pay to be taken at the time of leave also employees may draw down up to 3 weeks pay from accrued long service leave entitlements taken as an additional 6 weeks at 50% pay

Staff returning before the expiry of all their parental leave entitlements (maximum 7 weeks pay), shall be paid out a lump sum of the unused parental leave entitlements four weeks after returning to work.

This provision will also be granted to adoptive parent/s where the child has not previously lived permanently with the staff member concerned.

A partner shall be entitled to five (5) days paid leave in connection with the birth of the partner’s child.”

other innovations

The following agreements provide for innovations in relation to annual leave, earnings benefits and remuneration arrangements.

The first agreement is from the retail industry and contains an innovative annual leave clause. The provision grants employees, the standard allowance of four weeks' annual leave, but rewards workers with more than five years' service an extra week's annual leave for their service to the company. This clause points to a novel method of rewarding long-serving employees.

The community services agreement contains two clauses that provide employees with non-wage benefits. It grants workers a complete reimbursement for optical lenses and a subsidy for optical frames. Additionally, the employer provides employees with an annual health and fitness allowance of \$500.

The final clause from a hospitality industry agreement gives employees the option of moving onto an annualised salary scheme. If an employee chooses to enter into such an arrangement, they will receive a loading of at least 25 per cent on top of the wage rate applicable to their classification as set out in the agreement. This loading is in lieu of all overtime, weekend, night and public holiday penalty rates. If an employee has participated in the annualised salary scheme for more than 12 months and are not satisfied with the arrangement, they may ask management to compare their annualised salary to what they would have otherwise received under the standard remuneration system. If there is a discrepancy between the two arrangements, the agreement stipulates that the employer is obliged to pay the difference. This clause gives employers the benefit of being able to implement flexible workplace arrangements but also ensures employees are not disadvantaged financially.

RETAIL INDUSTRY

“Annual leave

Subject to this clause, your entitlement to annual leave accrues at the rate of 0.0769 hours for each hour you work (up to 38) in any week. The maximum leave you can accrue in a 12 month period is 4 weeks or 152 hours.

Annual leave may be taken as single days (or multiples of single days) by agreement with the company.

After 12 months service you shall be paid a leave loading of 17.5% when proceeding on annual leave.

After 5 years of service, and for each completed year of service thereafter, you shall be entitled to an additional weeks leave. This leave shall be taken within 6 months of falling due and shall attract the leave loading of 17.5%

This clause does not apply to casual employees.”

COMMUNITY SERVICES SECTOR

“Optical subsidy

Upon providing a bona fide receipt, staff shall be reimbursed 100% for optical lenses and up to \$110 towards optical frames once per twenty-four months.”

“Health and Fitness Allowance

The employer will reimburse up to \$500 per year, to be used for health and fitness purposes for improving the cardio-vascular health of employees.”

HOSPITALITY INDUSTRY

“Option for Annualised Salary

Can the employer pay you an annual salary?

Yes. If you and the employer agree, the employer will pay you a salary equal to at least 25 percent above the minimum weekly wage for the applicable job classification detailed in clause 12.1 multiplied by 52.

Overtime and penalty rates

If you are a paid a salary you will not receive any additional remuneration for working:

- (a) overtime;
- (b) working on weekends;
- (c) working at night; or
- (d) working on a public holiday.

However, if you are required to work on a public holiday you will receive a day off in lieu or a day added to your annual leave.

For the purposes of calculating the payment of annual leave, long service leave,

severance pay and days in lieu, the ordinary rate of pay will be used (that is, 25% loading, referred to above will be included).

How many days off are you entitled to each cycle?

You will be entitled to a minimum of 8 days off each 4-week work cycle.

Reconciliation

Employees who have more than 12 months of service under the annualised salary arrangements detailed above may apply in writing to the employer for it to conduct a reconciliation comparing their earnings under the agreement and the earnings they would have received had the provisions detailed above (overtime, penalty rates, etc.) applied to their employment for the preceding calendar year (excluding the 25 % loading). If after conducting the reconciliation a shortfall in wages is detected, the employer will make payment to the employees of an amount equal to the shortfall.

If an employees' employment is terminated prior to the employee having 12 months' service (under the annualised salary arrangements) but more than 3 months' service, and the employee believes that he or she has suffered an inequity as a result of this clause, the employee will be required to demonstrate that he or she has suffered such an inequity which the employer could not have resolved over 12 months of employment.”

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 March 2003, the ADAM Database has information on 10,525 registered enterprise (collective) agreements from the Federal and State jurisdictions as follows:

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).

report written by

Nicola Parsonage, Betty Frino, Troy Sarina and Chris Wright. Coding and data entry by Alicia Pearce, Melissa Kerr, Troy Sarina, and Chris Wright.

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

For more information or a no obligation customised quote call Nicola Parsonage on:

Ph: 02 9351 5713

Fax: 02 9351 5615

Email: n.parsonage@econ.usyd.edu.au

Web: www.econ.usyd.edu.au/acirrt/

about acirrt, University of Sydney

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