wage trends

wage increases in December 2002 quarter certified agreements

The average annual wage increase for certified enterprise agreements registered in the December 2002 quarter has remained unchanged since the September 2002 quarter at 3.8% (per agreement).

A narrowing gap between average annual wage increases in union and non-union agreements was reported (3.8% and 3.7% respectively) in the September 2002 quarter *ADAM Report No # 35*. Figure 1.1 below shows that in the December 2002 quarter this gap has widened delivering average annual wage increases of (4.0% and 3.4% respectively). Public sector agreements approved in December 2002 quarter have also shown a growth in average annual wage increase up 0.7% from the previous quarter, the private sector remains unchanged.

**Figure 1.1:** December 2002 quarter average annual percentage wage

![Chart showing wage increases]

Source: ADAM Database, 2003, ACIRRT, University of Sydney.
high wage outcomes in December 2002 quarter agreements

The absorption of allowances and penalty payments appear to be the key characteristics of high average annual wage increase agreements in the December 2002 quarter. At-risk payments provisions are also apparent in a number of high wage agreements this quarter.

A number of the high wage agreements analysed saw high wage increases being complemented by bonuses and performance-based pay arrangements. Many provided either for a sign-on bonus, or some form of performance-related remuneration, such as gain-sharing, profit sharing and piecework payments. It is worth noting that of the 39 agreements identified this quarter that contained average annual wage increases of 5% or more, 82% were registered in the federal jurisdiction.

Table 1.1: key features of higher than average wage increases in December 2002 quarter enterprise agreements

<table>
<thead>
<tr>
<th>Industry (AAWI)</th>
<th>Key Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment and Recreational Services Sector</td>
<td>• A one-off increase of 16.7 per cent to the base-rate of pay is given over the 24-month life of this agreement, which is granted upon certification.</td>
</tr>
<tr>
<td>(AAWI 8.35%)</td>
<td>• This increase appears to have been compensation for employees being moved onto an annualised salary. The agreement has absorbed payment for overtime, annual leave loading, some allowances and penalty rates for time worked on Saturdays, Sundays and public holidays.</td>
</tr>
<tr>
<td></td>
<td>• A further trade-off is evident through the minimum payment for time worked on Sunday being two hours.</td>
</tr>
<tr>
<td>Security Industry</td>
<td>• An average wage increase of 13.75 per cent is paid over the duration of this agreement. This is paid over four installments over the 21-month life of the agreement, and all components of the increase are guaranteed.</td>
</tr>
<tr>
<td>(AAWI 7.86%)</td>
<td>• The wage rates contained in the agreement absorb payment for a night shift allowance, in addition to a partial incorporation of penalty rates for weekend work. Employees are granted loadings of 112 per cent for time worked on Saturdays and Sundays, and 160 per cent for public holidays.</td>
</tr>
<tr>
<td></td>
<td>• The agreement also provides for an overtime loading of 200 per cent being given to employees without a qualifying period, that is, for any time worked beyond their ordinary weekly hours.</td>
</tr>
<tr>
<td>Finance Sector (AAWI 7.2%)</td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
<td></td>
</tr>
</tbody>
</table>
| This agreement provides for an average wage increase of up to 21.6 per cent over a 36-month period. The maximum wage increases available to employees in various classifications range from 10 per cent to 31.5 per cent.  
| This increase is made up of two guaranteed increments, totaling an average of 14.1 per cent. This is in addition to an at-risk component of up to 7.5 per cent, which is to be paid to employees in return for the achievement of performance indicator targets and individual performance appraisals.  
| Employees are also able to achieve gain sharing payments subject to the achievement of specific target returns and performance ratings. Gain sharing will come in the form of a lump-sum payment of between three and five per cent based on the employees’ salaries.  
| The agreement also provides the parties with the opportunity to enter into an all-inclusive salary arrangement during the operation of the agreement, whereby the employees’ salaries would absorb shift loadings, overtime penalties, meal allowances and public holiday penalties.  

<table>
<thead>
<tr>
<th>Metal Manufacturing Industry</th>
</tr>
</thead>
</table>
| A maximum wage increase of 12% is payable in three increments over the 24-month life of this agreement.  
| This is composed of three guaranteed increments totaling 10 per cent. The first of 10 per cent upon certification, the second of 3 per cent on the first anniversary of the agreement, and a third increase of 3 per cent two years after certification. Two further at-risk increases, both of 1 per cent, are available to employees in return for the achievement of specified Key Performance Indicator (KPI) targets.  
<p>| The only apparent trade-off for these wage increases is a number of workforce flexibility options available to the employer. These include temporarily moving employees to different sections or sites, employees required to carry out tasks within the limits of their skills and training, minor maintenance duties to be performed by production workers, and the removal of demarcation barriers. |</p>
<table>
<thead>
<tr>
<th>Industry</th>
<th>Description</th>
</tr>
</thead>
</table>
| Transport Industry (AAWI 5.4%) | • An average wage increase of 10.8 per cent is granted over the two-year life of the agreement, coming in the form of a guaranteed increase upon certification. The increases contained in the agreement vary across different occupational classifications, with a minimum of 8.2 per cent and a maximum wage increase of 17.2 per cent.  

• One reason for the large wage increase is that there was no increase contained in the company's previous enterprise agreement.  

• The wages contained in the agreement also absorbs a number of payments, including overnight allowance, loading and unloading time and driving time.  

• Employees covered by this agreement are remunerated through piecework payments, however these are underpinned by a minimum weekly wage, which is paid regardless of an employee's productivity. |

| Public Service Sector (AAWI 5.05%) | • This agreement contains a guaranteed wage increase of 8 per cent to be paid over 19 months. This is comprised of a 5 per cent increase upon certification followed by a 3 per cent increase seven months later.  

• Employees are granted a $650 sign-on bonus to be paid following certification of the agreement, as well as access to lump sum bonus payments and profit sharing in return for specified increases in company profit.  

• There are no evident trade-offs for the employees' salary arrangements, however the agreement also gives staff access to salary sacrifice arrangements, travel benefits, working from home provisions, an annual sick leave entitlement of 18 days and 12 weeks paid maternity leave, which may be taken on half pay for 24 weeks. |

Source: ADAM Database, 2003, ACIRRT, December 2002 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 at the end of the December 2002 quarter was 3.9%, slightly down from the previous quarter (4.0%)

There has been little change since the previous ADAM Report No# 35. Figure 1.2 shows that the construction and the metal manufacturing industries, lead the wage increase outcomes, delivering annual average wage increases of 4.3%. The mining industry for the fourth consecutive quarter provides the lowest annual wage increase of 3.4%.

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

Source: ADAM Database, 2003, ACIRRT, University of Sydney, (n=1413).
Note: * Current agreements include all enterprise agreements which have not reached their stated nominal expiry date as at end December, 2002.
Figure 1.3: wage increases in currently operating agreements, by jurisdiction

Figure 1.3 shows that currently operating Western Australian enterprise agreements provide for the highest average annual wage increase at 4.2% followed by South Australia at 4.0%. Both New South Wales and Federal jurisdictions provide an average annual wage increase of 3.9%, with Queensland providing the lowest increase at 3.4%.

Source: ADAM Database, 2003, ACIRRT, University of Sydney, (n=1413).
special issue – sick of absenteeism?

Employee absenteeism is often a persistent and costly issue for many organisations. Findings in a recent survey conducted by Morgan and Banks, estimated that the total cost of absenteeism to Australian industry to be $2.56 billion. This issue of the ADAM Report looks at some approaches to managing absenteeism contained in enterprise agreements and explores some changes that workplaces may have to make in order to reduce absenteeism.

According to findings of the 2002 CCH Unscheduled Absence Survey the average cost of absenteeism per employee is $798 per year with the absenteeism rate at 2.1% per year. The survey found that personal illness was the major reason for unplanned absences (33%). Other reasons for not attending work included family issues (24%), personal needs (21%), stress (12%) and entitlement mentality (10%). Additionally the survey found that the average amount organizations spend for unplanned absences is approximately 2.3% of their payroll costs per year.

absenteeism and enterprise agreements

Statistics from the ADAM Database show that absenteeism incentive provisions in enterprise agreements are relatively uncommon. Absenteeism incentive schemes were present in only 4.8% of currently operating enterprise agreements (see Table 1.2 below) which suggests that agreement making is not the principal means for managing absenteeism in the workplace.

Despite the low incidence of absenteeism incentive schemes in enterprise agreements there is evidence to suggest that agreements are introducing more flexible and innovative work and leave arrangements, as well as providing provisions that are directly linked to improving productivity and performance provisions which may have an impact on absenteeism levels.

Absenteeism incentive schemes identified on the ADAM database reflected variety approaches to managing this issue.

The first and most common approach to managing absenteeism in agreements was the provision for incentives and rewards. Incentive and reward-based schemes aim to reduce absenteeism by monitoring absences or reductions in absences as a performance indicator, and rewarding an employee or a group of employees on the basis of their rate of absenteeism. Rewards tended to be in the form of productivity bonuses or gain-sharing arrangements. Some examples include employees converting unused accumulated sick leave to annual leave or employers paying out unused sick leave entitlements.
Among other approaches were, monitoring and counselling procedures for dealing with employees who accumulate a number of absences. Agreements also provided unlimited sick leave, purchased leave, family day leave and special leave such as birthday leave. All of these aim to reduce unauthorised absenteeism.

Table 1.2 Incidence of absenteeism incentive schemes in currently operating enterprise agreements, by union party to agreement, sector and industry

<table>
<thead>
<tr>
<th></th>
<th>% of agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>All current agreements</td>
<td>4.8</td>
</tr>
<tr>
<td>Union agreements</td>
<td>5.2</td>
</tr>
<tr>
<td>Non-Union agreements</td>
<td>3.9</td>
</tr>
<tr>
<td>Public Sector</td>
<td>4.7</td>
</tr>
<tr>
<td>Private Sector</td>
<td>4.8</td>
</tr>
<tr>
<td>Construction</td>
<td>1.5</td>
</tr>
<tr>
<td>Mining</td>
<td>7.4</td>
</tr>
<tr>
<td>Food Beverage &amp; Tobacco</td>
<td>7.0</td>
</tr>
<tr>
<td>Metal Manufacturing</td>
<td>7.1</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>6.2</td>
</tr>
<tr>
<td>Electricity Gas and Water</td>
<td>-</td>
</tr>
<tr>
<td>Wholesale/Retail Trade</td>
<td>5.1</td>
</tr>
<tr>
<td>Transport/Storage</td>
<td>4.9</td>
</tr>
<tr>
<td>Communications</td>
<td>10.0</td>
</tr>
<tr>
<td>Financial Services</td>
<td>4.0</td>
</tr>
<tr>
<td>Public Administration</td>
<td>10.8</td>
</tr>
<tr>
<td>Community Services</td>
<td>2</td>
</tr>
<tr>
<td>Recreation and Personal Services</td>
<td>9.4</td>
</tr>
</tbody>
</table>

Source: ADAM Database, 2003, ACIRRT, University of Sydney, (n=1810).

*Current agreements include all enterprise agreements which have not reached their stated nominal expiry date as at end December, 2002.
addressing absenteeism

Neither the incentive nor the penalty based approaches address the underlying causes or reasons for absenteeism. If these are not addressed then absenteeism may continue to persist, causing ongoing productivity and efficiency problems. Attendance bonus and rewards schemes can be seen as effectively rewarding an employee twice for turning up to work. A key factor in reducing employee absenteeism is to provide flexible work practices, which meet the needs of the employees as well as the workplace.

More flexible working arrangements can encourage employee honesty about taking time off work. A workplace which focuses on the implementation of more flexible leave practices provides a basis for reducing unforeseen absences. Employers who are taking a more proactive approach to absenteeism may allow employees the ability to take part of the day off to deal with personal or family matters rather than taking a whole day off as a “sickie” to deal with these issues.

The provision of interesting jobs and the establishment of career paths are also seen as important steps in lowering absenteeism levels and increasing employee morale. The implementation of counselling and employee assistance schemes may have a similar effect. These approaches aim to address the some of the underlying causes of absenteeism.
sample clauses

CONSTRUCTION INDUSTRY

“Sick Leave

An employee can choose to have future accrued sick leave paid as an allowance at the rate of 3.85% of the base rate of pay according to their classification.

The allowance can only be paid after the completion of 12 months service and when there is an accrual of 10 sick leave days. Should an employee need to take sick leave during the first 12 months of employment, the allowance will not be paid until accrued leave reaches 10 days. Sick leave is accrued at the rate of 1 day for every 26 ordinary days worked.

Employees with more than 10 days sick leave accrued at the commencement of this agreement will be entitled to the allowance if their sick leave does not fall below the amount as at the date of registration of this agreement.”

ENTERTAINMENT INDUSTRY

“Conversion of Sick Leave to Annual Leave Incentive Scheme

The Company wants to encourage the proper use of all leave entitlements and wants to reduce unplanned absences. As a result the company wishes to reward employees who reduce unplanned absences.

The company will allow employees the ability to convert unused accumulated sick leave to annual leave subject to the following conditions:

• The ‘date of conversion’ is the date actually used;
• Sick leave accumulated cannot fall below 15 days unused at the date of conversion. This ensure adequate sick leave provision in the event of prolonged illness;
• The maximum amount of days converted each calendar year is limited to 5 days per year;
• The converted sick leave can only be taken as an extension of annual leave where the annual leave taken is 10 days or more at any one time; and
• Converted sick leave will not accrue annual leave loading or shift penalties.”
“Purchased Leave Arrangement

The employer and an employee may agree to enter into an arrangement whereby the employee can purchase up to four weeks additional leave. The employee can agree to take a reduced wage spread over the 52 weeks of the year and receive the following amounts of additional leave:

<table>
<thead>
<tr>
<th>Number of weeks wages spread over 52 weeks:</th>
<th>Number of weeks additional leave purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>48 weeks</td>
<td>4 weeks</td>
</tr>
<tr>
<td>49 weeks</td>
<td>3 weeks</td>
</tr>
<tr>
<td>50 weeks</td>
<td>2 weeks</td>
</tr>
<tr>
<td>51 weeks</td>
<td>1 week</td>
</tr>
</tbody>
</table>

The additional purchased leave will not be able to be accrued. The employee is to be entitled to pay in lieu of additional leave not taken. In the event that the employee is unable to take such leave, his/her wage will be adjusted on the last pay period in January to take account of the fact that time worked during the year was not included in the wages.

In the event that a part time employee’s ordinary working hours are varied during the year, the wages paid for such leave taken will be adjusted on the last pay period in January to take account of the fact that time worked during the year was not included in the wages.”

“Leave for Special Events

The Company recognises that occasionally employees have the opportunity to take part in a special event.

With the approval of the Supervisor, on the giving of at least one week’s notice, the employee may, without loss of ordinary pay, take special event leave of up to one shift.

The taking of such special leave shall not incur extra costs by way of overtime or casual staff to the company nor shall the taking of such leave affect productivity.

This provision shall be monitored by the Consultative Committee and Management to ensure it remains a source of team building and decision making at the supervisor level.

For the purposes of this subclause ‘special event’ shall mean a family related or sporting event/activity as agreed between the employee, team and supervisor.”
“Absenteeism

(a) Employees attendance shall be monitored as part of the performance review process.

Employees:

* Who fail to contribute to the overall target of absenteeism of less than 2% of rostered shifts; or
* Who fail to give appropriate notice of absences and estimated duration; or
* Who fail to provide sufficient reasons and supporting evidence for absences

will be subject to review. In the absence of reasonable explanation a continued failure to comply with this standard will ultimately result in termination of employment.

(b) All employees are required where practicable to notify their supervisor prior to the commencement of the shift on which they will be absent. Notification should be made personally. All reasonable efforts to contact the supervisor must be made prior to leaving a message on the answering machine. Failure to comply will result in no payment being made.

(c) The employee shall also give an estimated duration of the absence and shall regularly keep his / her supervisor informed of his / her progress toward a return to work.

(d) Upon returning to work the employee is required to make contact with their supervisor before commencing work and present a completed leave form.

(e) An employee will be required to prove to the satisfaction of the employer or, in the event of dispute, the AIRC, that the absence from work was on account of genuine illness or injury. All absences greater than 2 days require a doctor's certificate.

(f) Any absence of 72 hours or more without notification breaches the employee's contract of employment and may result in termination of employment at the mine.

(g) An employee who leaves work prior to the end of a shift as a result of sickness is required to notify their supervisor and present themselves to the first aid room before leaving the site or no payment will be made during the period of absence.

(h) An employee shall be entitled to participate in the salary sacrifice car lease arrangements if they are in category A in the 12 month period prior to the date the request is made.
(i) For the purposes of entitlements for cashing in of sick leave employees will be
categorised as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>During 12 month period</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0 - 3 (one or two day absences)</td>
</tr>
<tr>
<td>B</td>
<td>4 + (one or two day absences)</td>
</tr>
</tbody>
</table>

Employees achieving Category A over a 12 month period will have access to pay out
of existing sick leave accruals. Category B employees will not have access to pay out
of sick leave accruals.

(k) The requirement for the employee to wait for their anniversary date may be
waived at the discretion of the Human Resources Manager, provided the employee is
in Category A. In exercising this discretion the employee's attendance performance
will be the main factor considered.

(1) An employee is able to salary sacrifice future earnings only. An employee wishing
to salary sacrifice this pay out must nominate their intention prior to their entitlement
arising ie prior to their anniversary date.”

HOSPITALITY INDUSTRY

“Annual [Industry] Bonus

3.5.1 All full-time and part-time employees shall be entitled to one of the following
Annual [Industry] Bonuses should the employee meet the following requirements:-
(a) 17.5% of the employee's average monthly earnings on the completion of twelve
months service with the employer.
(b) 20% of the employee's average monthly earnings on the completion of at least 24
months service with the employer and the taking of less than 6 days personal leave in
the previous 24 months of service; or
(C) 22.5% of the employee's average monthly earnings on the completion of at least
36 months or more service with the employer and the taking of less than 8 days
personal leave in the previous 36 months of service.

3.5.2 The employer may at their discretion grant the employee any of the above
bonus's set in sub-clause (b) or (c) should the employee establish a justifiable reason
as to why they have not met the requirements of those sub-clauses.

3.5.3 If an employee does not satisfy the requirements of sub-clause (b) and (c) there
shall be a minimum entitlement as specified in subclause (a).”
The following agreements provide examples of innovative family friendly provisions.

The first agreement from the transport sector provides employees with maternity leave paid at 20% of their base income per week at the exhaustion of payments from accrued leave entitlements. In contrast, the second agreement from the retail sector provides a defined paid parental leave entitlement graduated by years of service to the organisation. This agreement is amongst a small number whose paid parental leave system applies to employees who are not the sole primary caregiver to their child; it recognises the roles of both partners. Parental leave in this agreement may also be taken flexibly, both in one-day periods and throughout the first year of a child’s life.

The third agreement, from the public sector, enables employees to recoup costs for dependant care incurred while on extra duties at the employer’s request. These costs include both dependant care while the employee is undertaking overnight travel for work purposes, and school holiday care costs when the employee is restricted from using accrued leave entitlements for care purposes during these times. The forth agreement outlines a baby bonus scheme and parent leave provisions.

The final family friendly agreement, from the public sector, recognises the impact of employer requirements on the lives of employees’ dependants. It provides tuition and board costs for a dependant in their final years of secondary education, where the employee has been transferred to another locality.

**TRANSPORT SERVICES INDUSTRY**

“33.3 Maternity leave

33.3.1(a) of the expected date of confinement (included in a certificate from a registered medical practitioner stating that the employee is pregnant) - at least ten weeks;

33.3.1(b) of the date on which the employee proposes to commence maternity leave and the period of leave to be taken - at least four

33.3.2 When the employee gives notice under clause 33.3.1 the employee must also provide a statutory declaration stating particulars of any period of paternity leave sought or taken by her spouse and that for the period of maternity leave she will not engage in any conduct inconsistent with her contract of employment.

33.3.3 An employee will not be in breach of this clause if failure to give the stipulated notice is occasioned by confinement occurring earlier than the presumed date.
33.3.4 Subject to clause 33.2.1 and unless agreed otherwise between the Employer and employee, an employee may commence parental leave at any time within six weeks immediately prior to the expected date of birth.

33.3.5 Where an employee continues to work within the six week period immediately prior to the expected date of birth, or where the employee elects to return to work within six weeks after the birth of the child, an Employer may require the employee to provide a medical certificate stating that she is fit to work on her normal duties.

33.3.6 An employee who is entitled to maternity leave shall be paid 20% of their ordinary base rate of pay for each week of leave taken after annual leave accruals and entitlements have been exhausted.

33.3.7 The amount prescribed in clause 33.3.6 shall be paid monthly into the employee's nominated bank account until 75% of the nominated leave period has been taken. At that juncture, payments will be suspended until the employee provides written advice of their intended date of return.

33.3.8 If the intended date of return is altered, payments as per clause 33.3.6 will continue until 75% of the new nominated leave period has been taken. At that juncture, payments will be suspended until the employee provides written advice of their intended date of return.

33.3.9 If the employee is an "eligible casual", the basis of the calculation shall be on the average ordinary rate earned over the preceding 12 months employment."

**RETAIL SECTOR**

“F6.2 Paid Parental Leave

F6.2.1 Paid Parental leave will be available to female or male employees employed prior to the commencement of this agreement and for the life of this agreement, (other than casual employees) who have, at the time of proceeding upon leave, completed 12 months service with the employer. Such leave will be available to employees with respect to the birth of a child or children to the employee or a woman with whom they are in a spouse relationship (as defined).

F6.2.2 Paid leave entitlement in this circumstance, will be for the following periods payable in advance:
Period of Continuous Service | Paid Entitlement
--- | ---
Less than one year of service | Nil
One year and less than two years | 2 weeks pay
Two years and less than three years | 4 weeks pay
Three years and over | 6 weeks pay

‘Weeks Pay’ means the ordinary time rate of pay for the employee concerned.

F6.2.3 From the end of the life of this agreement paid parental leave shall cease for any new applications.

F6.2.4 in the event that an employee had made application for paid parental leave prior to the date the agreement is approved by the Industrial Relations Commission the following provisions shall apply for that leave. The paid leave entitlement will be for the following periods payable in advance:

<table>
<thead>
<tr>
<th>Period of Continuous Service</th>
<th>Paid Entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year of service</td>
<td>Nil</td>
</tr>
<tr>
<td>One year and less than two years</td>
<td>4 weeks pay</td>
</tr>
<tr>
<td>Two years and less than three years</td>
<td>8 weeks pay</td>
</tr>
<tr>
<td>Three years and over</td>
<td>12 weeks pay</td>
</tr>
</tbody>
</table>

F6.3 For the purposes of this clause, 'spouse' is defined as another person who, along with the employee, is also a primary care-giver of the child.

F6.4 Paid parental leave may be taken in separate periods of not less than one day at a time.

F6.5 Parental leave will be available to an eligible employee for a period of up to 52 weeks following the birth of a child or children. Any other accrued leave may be taken as part of this period of entitlement. The requirements for the taking of such leave will be the same as for parental leave.

F6.6 Entitlement to parental leave will depend upon the production of a medical certificate confirming the birth or imminent birth of a child or children. Any entitlements under this clause must be claimed and taken within 13 months of the birth of the child or children.

F6.4 Adoption Leave

F6.4.1 An employee adopting a child will be entitled to unpaid leave of up to 52 weeks from the date of adoption in accordance with the provision of subclause F6.5, and paid leave in accordance with the provisions of sub clauses F6.2.
“Assistance with Holiday Care Program Costs

61.1. Where an employee with school children is formally restricted by his/her Director from taking annual leave, purchased leave or LSL during school holidays, employer will pay $13.50 (and $14 from 3/7/2003) per day towards the cost of each school child enrolled in an accredited school holiday program, up to a maximum of $108 (and $113 from 3/7/2003) per family per week.

61.2. An accredited program is a program:
   • approved by the Department of Family and Community Services under its 'Outside School Hours Care' program; and/or
   • approved and/or subsidised by a State, Territory or Local Government

61.3. Non-ongoing employees, will only be eligible for the subsidy if they will be employed by the organisation for a period of at least 12 months

61.4. The subsidy will apply only on the days when the employee is at work

61.5. The subsidy will be paid regardless of the length of time the child is in the program each day, but it cannot exceed the actual cost incurred

61.6. An employee whose spouse or partner receives a similar benefit from his/her employer is not eligible for the subsidy.

62. Additional Care Costs

Where an ongoing employee can demonstrate that he or she:
   • is the sole or primary care giver at the time;
   • has reasonably incurred additional costs for the professional care of a dependent family member(s); and
   • incurred the costs as a consequence of being directed to travel away from home overnight on duty then the organisation will reimburse costs determined by the Commissioner to be reasonable to a maximum of $54 (and $56 from 3/7/2003) per overnight absence.

62.2. An employee whose spouse or partner receives a similar benefit from his/her employer is not eligible for any reimbursement.”
“Parental Leave

(a) Parental leave (paternity, adoption or maternity leave) is covered in Commonwealth legislation and unless altered by these provisions that legislation will apply.

(b) Where an employee has worked for at least 12 months continuously with the Company that Employee may apply for Parental Leave for a combined total of up to 52 weeks unpaid parental leave on a shared basis in relation to the birth or adoption of a child.

(c) An Employee may at anytime during Parental Leave use any amount of accrued Personal Leave as a substitute for Parental Leave. Personal Leave will not extend Parental Leave and Parental Leave once substituted is forgone.

(d) Where a Employee has accrued 80% or more of each years Personal Leave entitlement since their start date, as determined at the time of taking Parental Leave the Employee will be paid $ 1000.00 on the birth of each child.

(e) Where both parents work for the Company, only one parent may take Parental leave at a time, except for the following periods:

(i) both parents may take paid parental leave for a period of one week at the time of the birth of a child; and
(ii) both parents may take paid parental leave for a period of 2 weeks at the time of the placement of an adopted child.”

“Boarding and tuition allowance

E.31 Where it would be impracticable for a dependent who is a full time student in the final two years of secondary school to reside with the employee and/or attend school in the new locality, the employee may be reimbursed reasonable boarding and tuition costs.”
training and skills development

This quarter we highlight agreements with bonus clauses designed to encourage employees to undergo additional training and education. These bonus clauses provide employees with monetary incentives to undertake additional training. Such schemes provide employers with a more highly skilled and educated workforce and provide employees with impetus to further their education and training.

The first agreement from the public sector provides a one-off payment for employees who have undergone a learning program. Employees must be able to demonstrate the successful completion of a learning scheme and demonstrate how it is used in the workplace, effectively tying the training program to the actual work the employee undertakes. The clause provides for a flexible approach to how the training is undertaken. The training can comprise formal training, on-the-job training, work based learning and a self-study program. The employer recognizes that certain specific skills are not always taught through formal education and provides avenues that allow a more independent and flexible approach.

The second agreement from the health sector provides employees who have achieved a higher level of formalized education with an increase in the base rate of pay. This agreement recognizes the importance of such formalized education, and rewards employees who have attained higher levels of education.

PUBLIC SECTOR

“130.12. An incentive program providing a one off payment of $562 will be available to employees who are able to demonstrate the successful completion of a learning scheme, including the application of that learning to the workplace. The employee must have completed a minimum of 400 hours study over three years. The learning scheme must be based on business needs, any series on learning activities agreed to and documented in individual learning plans; and meet the minimum level standard of qualification equivalent to Certificate IV in Government. It may comprise formal training course(s), on-the-job training, work-based learning activities and self-study program.

Employees who successfully complete the program will be paid following completion of the final assessment attached to the final module.”
“13. Qualification Allowances

A Registered Nurse who holds a hospital certificate or graduate certificate shall be paid, in addition to their salary, the following amount as from the first pay period on or after the certification of this Agreement. Only one qualification allowance shall apply for any one employee. It must be demonstrated that the qualification is relevant to the employee's current area of practice.

In the following the 'base rate' referred to is that applicable to an employee of Grade 2 Year 2 standing. Hospital/Graduate Certificate (or equivalent) 4.0% of base rate.

A Registered Nurse who holds a post graduate diploma or a degree (other than a nursing undergraduate degree) shall be paid, in addition to their salary, the following amount: A Post Graduate Diploma or Degree (or equivalent) 6.5% of base rate.

A Registered Nurse who holds a Masters or Doctorate, shall be paid, in addition to their salary, the following amount: Masters or Doctorate 7.5% of base rate.

This allowance shall be in addition to the current rate prescribed by this Agreement but shall be absorbed in cases where an employee's hourly rate is or remains greater than the Agreement rate.”
salary sacrifice schemes

Salary sacrifice is commonly defined as a scheme which allows employees to give up part of the remuneration they would otherwise receive as salary or wages, in return for their employer providing benefits of a similar value. Recently salary sacrifice arrangements have been altered to include other non-wage/salary entitlements such as sick leave and annual leave. For example an employee may elect to salary sacrifice accrued sick leave days as an additional contribution to superannuation. The benefits of such schemes include lower taxable incomes and increased superannuation payments on retirement.

The following agreements provide innovative ways of allowing employees to make additional contributions to their superannuation funds. This first agreement from the public sector provides employees with the option of transferring any accrued sick leave entitlements above 15 days to their superannuation fund in the form of an additional contribution. The second agreement applies the same principle to the payment of work on public holidays. Instead of employee’s being paid for the hours worked on a public holiday, the employer will make a direct contribution to the employees superannuation fund that is equivalent to payment for the hours worked.

COAL MINING INDUSTRY

“17 Sick leave and personal leave

17.1 Sick leave

An employee may elect to salary sacrifice the accrued sick leave as a contribution to the employee's [Super] fund in the following circumstances:

(1) The employee retains at least fifteen days sick leave after the commutation of sick leave into [the Superfund]
(2) the election must be made within two weeks either side of the employee's anniversary date;
(3) the payments to [the Superfund] will be made for each day of eight (8) hours ordinary time and will not include allowances or bonus.”
“3.19 ACCUMULATED PUBLIC HOLIDAYS

The parties recognise that employees have the option to cash in, salary sacrifice or take accumulated public holidays as accrued leave. Staff who wish to take public holidays as accrued leave should, when completing their holiday advice, nominate to have their public holidays included in their leave roster. To be considered employees should provide a minimum of one months notice to Fostering staff in order to meet Fostering requirements. [the Company] is prepared to continue to allow staff to access their accrued public holidays as individual days subject to organisational convenience. Shift workers will be able to accrue public holidays if the day falls on their rostered day off or book off days. Existing arrangements in relation to the 8 day limit per 12 months will apply.”

other innovations

The following food manufacturing and government agreements provide innovations in two areas. The first agreement focuses on fluctuations in demand for products caused by changes in client demand. The agreement stated that there was to a collaborative approach between unions and the employer to ensure that fluctuations in demand were properly managed. The aim of this provision is to develop an approach to reducing the overall hours worked by full time employees before reverting to redundancy or termination. Initially volunteers are called for to reduce their hours to a part time basis. If there is not a sufficient number of employees who volunteer for this process, then redundancy provisions may be activated. Likewise, when demand increases employees will revert back to full time employment. This type of innovation does offer a viable alternative to redundancy in times of economic hardship.

The second provision from the public sector focuses on the use of innovative and detailed performance based pay systems. The agreement provides a performance review combined with a bonus system. Employees can receive an increase to their base rate of pay, as well as a possible bonus payment ranging from 1% to 5% of their base salary. This agreement encourages employees to pursue high levels of performance whilst maintaining achievable standards that ensure the continued progression.
“8. Employees to Change from Full Time to Part Time Employment to Reflect Fluctuations in Demand

8.1 Fluctuations In Demand for Full-Time Labour

The employees and the Union recognise that each year there are fluctuations in the level of full-time employees required by the Company because of changes in client demand for products and that this is a feature of the industry within which the Company operates and competes.

8.2 Preferred Approach

The parties agree that it is preferable for some full-time employees to transfer to part time employment during these quieter times and then back to full-time employment when demand again increases rather than replacing full-time employees with either part-time or casual employees.

8.3 Arrangements for Full-Time to Part-Time Employment then Back

When a fluctuation in the Company's labour requirements occurs as a result of a temporary reduction in demand for the Company's products the Company will identify both the number of full-time positions it needs to be changed to part-time positions and the period for which the temporary change will last. The Company will then:

(a) Advise all full-time weekly employees working in the section(s) in which there is a need to reduce the number of full-time employees to part-time employees of the number of part-time positions required.

(b) The Company shall invite employees in the affected section to volunteer to transfer from full-time to part-time employment for the duration of the quiet period. No employee will be forced to transfer.

(c) If the required number of employees volunteer then the volunteers shall transfer to part-time employment from the date nominated by the Company.

(d) If more employees volunteer than are required the Company will choose from the volunteers which employees will transfer to part-time employment.

(e) It must be recognised that if an insufficient number of employees volunteer for transfer to part-time employment the Company will need to review the size of its workforce, which may result in redundancies. Any employee who is made redundant as a result of the implementation of the review outcome shall receive redundancy benefits as per clause 9 of the Agreement.
(f) At the end of the period of temporary reduction in demand for the Company's products, those employees who have transferred from full-time to part-time employment in accordance with subclause (c), (d) or (e) will revert back to full-time employment from the date nominated by the Company.

(g) Where an employee who has been temporarily transferred to part-time employment under this provision is terminated or resigns the employee's accrued entitlements on termination shall be calculated as if the employee had been employed on a full-time basis.

(i) An employee who has been temporarily transferred to part-time employment under this provision shall continue to accrue annual leave and long service leave as if the employee had continued to be employed on a full time basis.

(ii) Other benefits would be available to the employee during this period in the same manner as would apply to any other part-time employee, in order to avoid an increase in the employee’s benefits.”

**FEDERAL GOVERNMENT**

“3.5 Performance Based Salary Advancement

29. Progression through salary points from the minimum to the maximum pay points within a classification is through participation in the [the Company’s performance based salary arrangement] which runs from 1 July each year to 30 June the following year. Advancement will be one salary point and/or a percentage bonus through current salary points and based on performance ratings during the previous planning cycle as set out in Table 1 below. Where a staff member qualifies for a salary advancement, it will be paid with effect of 1 July.

30. Performance ratings for the PRP are established in terms of [the Company’s] specific competencies and are as follows:

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Exceptional performance / Always exceeds work targets</td>
</tr>
<tr>
<td>4</td>
<td>Superior performance / Consistently exceeds work targets</td>
</tr>
<tr>
<td>3</td>
<td>Effective performance/Consistently meets work targets</td>
</tr>
<tr>
<td>2</td>
<td>Adequate performance/Meets most work targets</td>
</tr>
<tr>
<td>1</td>
<td>Not yet effective performance/ Often does not meet work targets</td>
</tr>
</tbody>
</table>

31. Bonus payments are one off payments made each year based on attaining performance ratings as in Table 1 below. Such bonus payments do not count as salary for superannuation or any other purposes.
### Table 1

<table>
<thead>
<tr>
<th>Pay point</th>
<th>Rating 1</th>
<th>Rating 2</th>
<th>Rating 3</th>
<th>Rating 4</th>
<th>Rating 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No advancement</td>
<td>No advancement</td>
<td>Advance 1 salary point</td>
<td>Advance 1 salary point and 1% bonus payment</td>
<td>Advance 1 salary point and 3% bonus payment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>No advancement</td>
<td>No advancement</td>
<td>Advance 1 salary point</td>
<td>Advance 1 salary point and 1% bonus payment</td>
<td>Advance 1 salary point and 3% bonus payment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>No advancement</td>
<td>No advancement</td>
<td>Advance 1 salary point</td>
<td>Advance 1 salary point and 1% bonus payment</td>
<td>Advance 1 salary point and 3% bonus payment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>No advancement</td>
<td>No advancement</td>
<td>1% bonus payment</td>
<td>3% bonus payment</td>
<td>5% bonus payment</td>
</tr>
</tbody>
</table>

Note: EL2 staff have only three salary points and therefore will commence as from salary point 2 in the above table.

32. Staff who do not complete the requirements of the [Companies] Performance Planning and Review Program, or who do not achieve the required rating, will remain on their existing salary.”
technical notes

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

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

The wage increases are those that affect ordinary weekly earnings (base rates of pay). AAWI figures do not include payments in addition to base rates (such as overtime, bonus payments, one-off annualisation of salaries, performance pay, profit-sharing, allowances etc). Wage agreements whose average percentage increase could not be quantified (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).
ADAM REPORT

number 36
March 2002

report written by
Nicola Parsonage, Melissa Kerr, Alicia Pearce, 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 10,525 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

about ACIRRT, University of Sydney
Based at the University of Sydney, ACIRRT is one of Australia’s leading, multi-disciplinary, research and training organisations. We monitor and analyse the changing nature of work. Integral to this is an examination of the wider institutional, economic and social structures as they impact on the workplace, organisations and individuals. The Centre, over the past 10 years, has retained a broad labour market perspective, and enjoys a reputation for independent, authoritative, rigorous and innovative research. We are proud of the fact that our clients include employers from the private and public sectors, employer associations, unions, community based organisations and both Coalition and Labor Governments.

Important Disclaimer. No person should rely on the contents of this publication without first obtaining advice from a qualified professional. This publication is sold on the terms and understanding that (1) the authors and editors are not responsible for the results of any actions taken on the basis of information in this publication, nor for any error in or omission from this publication; and (2) the publisher is not engaged in rendering legal or accounting advice or services. The publisher, authors and editors expressly disclaim any liability and responsibility to any person, in respect of anything, and of the consequences, done by any such person in reliance upon the whole or any part of the contents of this publication.

© Copyright. All rights reserved. No part of this work covered by copyright may be reproduced or copied in any form or by any means (graphic, electronic or mechanical, including photocopying, recording, record taping, or information retrieval systems) without the written permission of the publisher.