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Wage Increases in December '99 Quarter Certified Agreements

The average annual wage increase for enterprise agreements registered in the December 1999 quarter was 3.8% (per agreement), up by 0.1% from 3.7% in the September 1999 quarter.

Quarterly Wage Movements in Enterprise Agreements

This is the second consecutive increase in quarterly wage movements in agreements, representing a break from the downward trend that emerged following the December 1998 quarter, but more so since late 1997 (see Figure 1.1 below). Wage outcomes, however, remain below the four percentile mark and within the Reserve Bank's comfort zone. Major developments are likely in 2000 which will impact on wage outcomes, particularly amongst traditional wage leaders. The GST will also potentially bear some impact on wage outcomes. However, no wage break-out is anticipated from the enterprise agreements sector.

Figure 1.1: Average Annual Percentage Wage Increases in Enterprise Agreements: Quarterly Figures, December 1995 - December 1999

Source: ADAM Database, 2000, ACIRRT, University of Sydney.
Yearly Wage Trends in Agreements

Figure 1.2 confirms the downward trend in wage movements in recent years, falling within the 3-4 percentile band. A closer analysis of these trends by public and private sectors and also by union and non-union collective agreements highlights the divergent outcomes within these sectors and agreement types. For instance, the figure clearly shows that the public sector has consistently produced lower wage increases than private sector agreements, although the gap has narrowed significantly over the years. The differing outcomes between union and non-union collective agreements, however, are more apparent. Union agreements have consistently provided for higher wage increases than non-union collective agreements, a gap of around one (1) percentage point.

Figure 1.2: Average Annual Percentage Wage Increases in Enterprise Agreements: 1992–1999, by Public & Private Sectors, and Union & Non-union Agreements*

Source: ADAM Database, 2000, ACIRRT, University of Sydney.
* revised figures
Scope of Enterprise Bargaining and Work Regulation

Table 1.1 outlines the most recent statistics on employee coverage by different forms of work regulation. Based on a new survey conducted by the Federal Government, the table shows that the enterprise agreements sector has increased its coverage of the workforce to 42%, from coverage of one-third (see previous ADAM Reports for further details). Another 22% of the workforce rely solely on the award system, and a further 22% are covered by overaward or unregistered agreements, while the remainder of the workforce is covered by individual arrangements (such as federal or State "Workplace Agreements" or common law contracts of employment).

Table 1.1: Employee Coverage by Form of Wage Regulation

<table>
<thead>
<tr>
<th>Type of Wage Setting Arrangement</th>
<th>% of workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awards</td>
<td>22</td>
</tr>
<tr>
<td>Overawards and unregistered agreements</td>
<td>22</td>
</tr>
<tr>
<td>Registered collective agreements</td>
<td>42</td>
</tr>
<tr>
<td>Individual arrangements</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: DEWRSB, 1999, Award and Agreement Coverage Survey, as reported in Joint Government’s Submission to the 2000 Safety Net Adjustment Case.

Wage Increases in All Current Enterprise Agreements

Average annual wage outcomes for currently operating agreements (as at end December 1999) was 3.7%, down by 0.2% (see Figure 1.3). This shows that although quarterly wage movements are witnessing an increasing trend, the general movement for all agreements that are in operation continues to slow down. This figure highlights the importance of looking beyond quarterly trends and observing the overall picture which incorporates wage increases in agreements that currently apply to workplaces, as opposed to newly registered agreements. An examination of industry figures for these agreements shows that the largest increases remain within the mining/construction industry group and metal manufacturing. However, significant drops were witnessed in the mining/construction and community services industries (down by 0.7% and 0.3% respectively) from agreements that have expired since the last quarter (see ADAM Report No 23 for a comparison).
Figure 1.3 Average Annual Wage Increases in Current Operative Agreements, by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Annual % Wage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining/Construction</td>
<td>4.5</td>
</tr>
<tr>
<td>Food, Beverage &amp; Tobacco Manufacturing</td>
<td>3.6</td>
</tr>
<tr>
<td>Metal Manufacturing</td>
<td>4.0</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>3.5</td>
</tr>
<tr>
<td>Electricity, Gas &amp; Water</td>
<td>3.6</td>
</tr>
<tr>
<td>Wholesale/Retail Trade</td>
<td>3.5</td>
</tr>
<tr>
<td>Transport/Storage</td>
<td>3.6</td>
</tr>
<tr>
<td>Financial Services</td>
<td>3.9</td>
</tr>
<tr>
<td>Public Administration</td>
<td>3.4</td>
</tr>
<tr>
<td>Community Services</td>
<td>3.6</td>
</tr>
<tr>
<td>Recreational &amp; Personal Services</td>
<td>3.1</td>
</tr>
<tr>
<td>All Industries</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Source: ADAM Database, 2000, ACIRRT, University of Sydney.

Note: Current agreements include all agreements which have not reached their stated nominal expiry date as at end December, 1999.
Wage Dispersion

Differences in wage outcomes both between and within industries have persisted in enterprise agreements. Although this dispersion still exists, the gap has narrowed significantly in some industries. For example, wage outcomes in the mining/construction industry ranged from 0.7% to 22.8% for agreements current at the end of the September 1999 quarter. This range decreased to 0.7% and 11% respectively at the end of the December 1999 quarter. Table 1.2 highlights the wage ranges for the major industry groups for currently operating agreements.

Table 1.2: High and Low Average Annual Wage Increases in Current Operative Agreements, by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Highest Average Annual Wage Increase (%)</th>
<th>Lowest Average Annual Wage Increase (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining/Construction</td>
<td>11.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Food, Beverage &amp; Tobacco Manufacturing</td>
<td>7.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Metal Manufacturing</td>
<td>9.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>10.0</td>
<td>0.6</td>
</tr>
<tr>
<td>Electricity, Gas &amp; Water</td>
<td>6.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Wholesale/Retail Trade</td>
<td>8.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Transport/Storage</td>
<td>9.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Financial Services</td>
<td>9.4</td>
<td>0.7</td>
</tr>
<tr>
<td>Public Administration</td>
<td>8.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Community Services</td>
<td>12.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Recreational &amp; Personal Services</td>
<td>14.0</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: ADAM Database, 1999, ACIRRT, University of Sydney.

Note: Current agreements include all agreements which have not reached their stated nominal expiry date as at end December, 1999.

High Wage Agreements

An examination of recent agreements that have produced high average annual wage increases shows that improved performance is the determining factor in many cases. In other words, employees are given the opportunity to receive relatively high (or additional) wage increases, provided certain productivity targets are met. Several agreements, however, also seemed to have granted larger wage increases without any direct trade-offs or productivity offsets (see car manufacturing and plumbing services agreements in Table 1.3 below). Unlike trends in earlier agreements, few other unique or innovative arrangements are being introduced in such agreements. On another note, the frequency of high wage increase agreements has decreased. That is, fewer such agreements are providing for unusually high average annual wage increases per quarter.
Table 1.3: Key Features of Recent High Wage Increase Enterprise Agreements

<table>
<thead>
<tr>
<th>Industry</th>
<th>Key Provisions</th>
</tr>
</thead>
</table>
| Gas industry (AAWI 5%)               | • 4% guaranteed on certification and a further 4% guaranteed 12 months later  
|                                      | • Two 1% increases based on an individual employee performance and development assessment  
|                                      | • Efficiencies being sought include:  
|                                      | * Computer based training  
|                                      | * Vehicle monitoring and maintenance  
|                                      | * Multiskilling  
| Other manufacturing (AAWI 5.5%)     | • Three increases of 5.5% over a 3 year period  
|                                      | • Second increase can be deferred by 6 months if levels of absenteeism exceed 3.5%  
| Metal manufacturing (AAWI 9.7%)     | • An initial increase of 5%, followed by 2.2% and 2.5% over 12 months  
|                                      | • Annual performance assessments used, however not linked to wage increases  
| Agriculture (AAWI 5.5%)              | • 6.87% paid within the first 3 months of an agreement that runs for 15 months  
| Business services (AAWI 9%)          | • Agreement recognises low award minimum and attempts to achieve parity for overaward payments  
|                                      | • 12% increase fully absorbable into overaward payments  
|                                      | • 4% guaranteed  
|                                      | • 2% accessible through individual review  
|                                      | • That is, an employee on the award minimum could receive a pay increase of 18% over the life of the agreement. This is made up of a 12% wage increase as an overaward catch-up, 4% guaranteed and 2% as a result of a successful individual performance review  
|                                      | • Annual bonus available to a particular classification of employees through an individual assessment process  
| Construction industry (AAWI 6.6%)   | • 15.8% increase paid in 3 instalments over 3 years  
|                                      | • Additional payment can be made each year to compensate for the impact of the GST. If CPI exceeds 5% in the preceding year a further 1% wage increase will be paid from October of that year. If CPI exceeds 6% then a 2% increase will be paid  
| Car manufacturing industry (AAWI 6%) | • 6% wage increase paid at the commencement of a 12 month agreement  
|                                      | • New classification structure introduced which brings wages into alignment with duties performed  
| Plumbing industry (AAWI 7.34%)       | • 20.8% increase paid in 6 instalments over 34 months  

Source: ADAM Database, 2000, ACIRRT, University of Sydney.

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

As at 29 February 2000, 94,990 AWAs were approved covering 1,899 employers. Table 1.4 outlines the total number of approved AWAs and the number of employers covered since the introduction of AWAs in 1997. The table shows that the take up rate of AWAs continues to grow steadily, representing a growth of 37% over the six months to December 1999. AWAs, however, still only cover a relatively small proportion of the total Australian workforce.

Table 1.4: Total Number of Federal AWAs Approved, by Quarter, 1997-1999

<table>
<thead>
<tr>
<th>As at the end of (Qtr):</th>
<th>Total No of AWAs Approved</th>
<th>No of Employers Covered by Approved AWAs*</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1997</td>
<td>1,281</td>
<td>79</td>
</tr>
<tr>
<td>December 1997</td>
<td>4,393</td>
<td>225</td>
</tr>
<tr>
<td>March 1998</td>
<td>10,790</td>
<td>425</td>
</tr>
<tr>
<td>June 1998</td>
<td>22,471</td>
<td>700</td>
</tr>
<tr>
<td>September 1998</td>
<td>34,426</td>
<td>899</td>
</tr>
<tr>
<td>December 1998</td>
<td>45,089</td>
<td>1,163</td>
</tr>
<tr>
<td>March 1999</td>
<td>52,961</td>
<td>1,200</td>
</tr>
<tr>
<td>June 1999</td>
<td>61,264</td>
<td>1,360</td>
</tr>
<tr>
<td>September 1999</td>
<td>73,042</td>
<td>1,567</td>
</tr>
<tr>
<td>December 1999</td>
<td>84,864</td>
<td>1,747</td>
</tr>
<tr>
<td><em>February 2000</em></td>
<td>94,990</td>
<td>1,899</td>
</tr>
</tbody>
</table>


Note: * = revised figures

An examination of OEA statistics show that of the approved AWAs, a large proportion are from the retail trade sector (16%), property and business services (10%) and manufacturing (9%). They are less likely to be used in the electricity, gas and water (2%), education (2%), finance and insurance (2%) and construction (3%). Not surprisingly, the private sector was the most likely to use AWAs (75% of approved AWAs). A state by state comparison also revealed that over one-third (34%) of approved AWAs were Victorian-based employers, another one-third (32%) were from NSW, followed by the ACT (11%). Other than the Northern Territory (1%), Tasmania was the least likely to use AWAs (2%).

Figure 1.4 depicts the size of workplaces that are using AWAs. Only 6% of approved AWAs are from smaller workplaces (ie less than 20 employees), followed by workplaces with 20 to 99 employees (15%). Workplaces employing between 100 and 499 employees formed just under half (42%) of approved AWAs. Large workplaces (ie over 500 employees) were also more likely to use AWAs than smaller workplaces (37%).
Figure 1.4: AWAs by Size of Employer, 1997-98


OEA statistics also showed that a significantly large proportion of AWAs cover more than one employee at a workplace. For example, over one quarter (26%) of AWAs cover between two and five employees, while 30% of AWAs cover between 6 and 20 employees. Only 19% of AWAs cover just one employee from that workplace.
Comparison of Wage Trends in AWAs and Certified Agreements

Higher average annual wage increases continue to be found in collective union agreements than non-union agreements and AWAs. However, non-union collective agreements are now producing lower wage increases than AWAs (2.9% and 3.1% respectively). It is important to keep in mind that a relatively large number of AWAs do not provide for a wage increase during the life of the agreement (see Table 1.6 for details).

Table 1.5: AAWI in Currently Operating Agreements, by Agreement Type and Union Involvement*

<table>
<thead>
<tr>
<th></th>
<th>AAWI (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Union Agreements (n=1289)</td>
</tr>
<tr>
<td>All Agreements</td>
<td>3.9</td>
</tr>
<tr>
<td>Public Sector</td>
<td>3.6</td>
</tr>
<tr>
<td>Private Sector</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: ADAM Database, 2000, ACIRRT, University of Sydney.

Note: * Current agreements include all enterprise agreements and AWAs which have not reached their stated nominal expiry date as at end December, 1999.

** Not all AWAs provide wage increases in percentage terms or do not provide sufficient information to calculate the wage increase. They are therefore excluded from these calculations.

Table 1.6 outlines the incidence of various forms of performance management initiatives in different agreement types. It shows that AWAs are far more likely to link wage increases to performance. Collective union agreements are, however, more likely to contain provisions relating to performance payments and key performance indicators (which are predominantly group-based). AWAs were almost twice as likely to use staff appraisals than collective agreements (union and non-union).
Table 1.6: Incidence of Performance Measurement Initiatives in Currently Operating Agreements, by Agreement Type*

<table>
<thead>
<tr>
<th>Provision</th>
<th>Union Agreements (n=1330)</th>
<th>Non-union Agreements (n=501)</th>
<th>AWAs** (n=347)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage increase provided</td>
<td>80.7</td>
<td>64.9</td>
<td>28.8</td>
</tr>
<tr>
<td>Performance linked wage increases</td>
<td>17.3</td>
<td>8.4</td>
<td>25.9</td>
</tr>
<tr>
<td>Performance Payments</td>
<td>30.5</td>
<td>23.2</td>
<td>17.0</td>
</tr>
<tr>
<td>Performance Indicators</td>
<td>41.0</td>
<td>24.4</td>
<td>16.1</td>
</tr>
<tr>
<td>Staff/Performance Appraisals</td>
<td>14.5</td>
<td>12.0</td>
<td>26.5</td>
</tr>
</tbody>
</table>

Source: ADAM Database, 2000, ACIRRT, University of Sydney.

Note: * Current agreements include all enterprise agreements and AWAs which have not reached their stated nominal expiry date as at end December, 1999.
** Not all AWAs provide wage increases in percentage terms or do not provide sufficient information to calculate the wage increase. They are therefore excluded from these calculations.

The ADAM Database currently has information on 7,090 registered enterprise agreements from the federal, New South Wales, Queensland, South Australian and Western Australian jurisdictions. The ADAM Database also holds information on 511 federal Australian Workplace Agreements.
INNOVATIVE CLAUSES

This edition of the ADAM Report takes another look at innovative provisions in enterprise agreements and Australian Workplace Agreements (AWAs).

Performance Linked Wage Increases

Wage increases and determinants of wage increases have typically been set using traditional negotiation methods, and have been paid in the form of a percentage wage increase. Recent agreements have identified various new ideas in determining wage increases such as linking them to performance reviews or productivity outcomes. The following finance sector agreement is a good example of this method. Progression is based on performance reviews. A percentage of the salary budget is polled and then distributed based on individual performance appraisals. The construction industry agreement, however, provides for an initial percentage wage increase but states that further increases during the life of the agreement are to be via negotiation using the Enterprise Bargaining Committee.

Finance Sector

"12. REMUNERATION REVIEWS AND PERFORMANCE APPRAISALS"

Remuneration Ranges

The Remuneration Ranges have been established so as to outline a range of remuneration that will apply to a given role in a given year. They have been developed with reference to a range of remuneration market data from external consulting firms and benchmarking surveys.

... Remuneration Reviews

[The employer] has established a remuneration structure that supports a philosophy of 'Pay for Performance' to enable [the organisation] to recruit and retain staff by offering market competitive levels of pay.

Accordingly, [the employer] will adhere to the following principles in establishing remuneration levels for staff covered by this agreement:

- All CA covered staff will participate in an annual remuneration review process.
- For each key role, or group of roles covered by the agreement, a remuneration range will be established annually, referencing current remuneration market data.
- Within each remuneration range, a 'market target' position will be established, identifying the position at which [the employer] believes it is paying competitively within the market place.
- [The employer] will establish clear performance and competency definitions that will act as a guideline for managers in positioning staff appropriately within the range.
- These performance and competency definitions will be linked to the Performance Appraisal process, the outcome of which will be a key factor in the positioning of an individual's remuneration.
- A salary pool, representing a percentage of the overall salary budget for Agreement covered staff, will be made available each year, and distributed along pay for performance lines, in accordance with guidelines to be agreed by a joint management and staff steering committee.
The salary pool for Agreement covered staff for 1/10/99 will be 4.0%.

The salary pool for Agreement covered staff for 1/10/2000 will be 4.0%.

The salary pool for Agreement covered staff for 1/10/2001 will be determined at that time, with reference to market movement data, organisational performance, and other economic measures.

All staff will be educated about the remuneration framework, and managers will be coached to ensure the principles are applied fairly and equitably.

Prior to the remuneration review each year, the band that applies to each individual will be communicated to them in writing (though it should be self-evident, as the staff member’s job title should be the key indicator). Managers will discuss with the staff member where their current remuneration is placed within the range, and the factors that will influence the value of any increase they receive. A key principle will be that, subject to capacity to pay and the quantum of the remuneration review pool, the consistently strong performers will be as close as possible to the ‘market target’ position as possible.

Remuneration Ranges Annual Review

The Remuneration Ranges will be reviewed annually to appropriately reflect any market movement that takes place across the year. This will ensure the competitiveness of the ranges over the life of the agreement.

The remuneration ranges will be reviewed with reference to a range of remuneration data that the employer will source from both remuneration and recruitment consulting firms. New Remuneration Ranges relevant to the forthcoming 12 month period will be published by [the employer] at least four weeks prior to the date at which they become effective, i.e. October 1st 2000, and October 1st 2001. The sources of data will be disclosed by [the employer] in the communication regarding the updated market ranges.

Where, as a result of the annual review of the market ranges, a staff member’s salary falls below the minimum for their role, that staff member will receive a remuneration increase that will lift their remuneration to at least the new range minimum.

Performance Appraisals

[Company] employees will participate in performance appraisals in accordance with the [Company] Performance Management Policy and Process. [The employer] believes performance appraisals provide valuable feedback to employees and managers, are a prerequisite to reviewing individual remuneration levels, and assist in identifying employee training and development needs. In addition, [the employer] believes that performance planning and regular performance reviews constitute sound business practice.”

Construction Industry

"11 WAGES

(1) As a result of this agreement, the rates of pay shall be as detailed in the table below—
<table>
<thead>
<tr>
<th>Classification</th>
<th>Current Rates of Pay</th>
<th>1st pay Period on or after 01.01.2000</th>
<th>1st Pay Period on or after 01.01.2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>L1</td>
<td>12.66</td>
<td>13.30</td>
<td>By negotiation #</td>
</tr>
<tr>
<td>L2</td>
<td>13.37</td>
<td>14.10</td>
<td>By negotiation #</td>
</tr>
<tr>
<td>L3</td>
<td>14.34</td>
<td>15.00</td>
<td>By negotiation #</td>
</tr>
<tr>
<td>L4</td>
<td>15.26</td>
<td>15.90</td>
<td>By negotiation #</td>
</tr>
<tr>
<td>L5</td>
<td>16.51</td>
<td>17.15</td>
<td>By negotiation #</td>
</tr>
</tbody>
</table>

# Negotiations by the EBA committee are to commence on or before 1st October 2000.”

**Key Performance Indicators and Productivity**

While agreements are being used to link rewards and remuneration to workplace productivity some agreements are also penalising employees for not performing. The first agreement from the manufacturing industry links likely employee bonuses to the cost of returns the organisation receives for faulty goods. Employees are also held responsible for defective goods by sharing the costs of repairs. Within the transport sector, an agreement can reduce performance bonuses of up to $3,000 when employees fail to comply with their specified duties. Finally, a community services agreement states that certain team activities and productivity arrangements must be undertaken in addition to the employees’ duties but no rewards are provided. A rather innovative public service agreement has introduced a mechanism which allows the employer to reduce an employee’s salary by up to $5,000 if an employee’s performance has been deemed less than satisfactory. Alternatively they may be reclassified.

**Manufacturing Industry**

“(c) Quality Control Bonus

Each full time staff member who has worked for a complete month will be paid $5.00 each working day as a quality control bonus. This allowance is paid on the last working day of each month.

If there are goods returned for repair or rectification during the month, all members in the section responsible for the defect will share the responsibility for the cost of repairs or rectification.

That means that if the cost to the company for repairs and postage or delivery is $100.00 and there are five people in the section who are responsible for the repairs each person in the section will bear a $20.00 penalty from their quality control at the end of the month.

No quality control bonus will be paid on sick leave, holiday day, long service leave, public holidays or worker compensation time off. If staff are not at work the bonus will not be paid.

If the total repair costs exceed the total bonus payment due to the Section, staff will not suffer a reduction in their normal wages. The extra cost of repairs will be carried by the Company.

This means if the total bonus due to your section is $1,000 for the month and the cost of repairs is $1,200 the Company will bear the excess of $200 and the Section will bear the cost of $1,000.

You are guaranteed your normal weekly wage. If your section is able to have a defect free month each staff member will receive a bonus of $5.00 per working day (less taxation).”
Transport Sector

"Productivity"

3.1 This component of pay, of $3,000.00 is paid annually on or before the 24th of December.

3.2 Typically, for a four, or less that four trip week, it accrues at the rate of $16.00 per trip.

3.3 Notwithstanding that more than four trips per week may be done, this productivity component cannot exceed the sum of $3,000.00 per annum.

3.4 The below-described conduct is prejudicial to the employer’s productivity and damages the employer in the respective sums stated. If an employee engages in any such conduct, then the respective sum shall be deducted from his productivity component, but the aggregate of any such deductions cannot exceed the sum of $3,000.00 per annum.

Conduct that Reduced Productivity

[Examples only — not a comprehensive list]

- Failure to hand in paper work each day @ $25.00/incident.
- Failure to cover tarp @ $50.00/item.
- Failure to advise late ETA @ $150.00/incident.
- Failure to wear correct footwear (thongs & sandals are forbidden) @ $150.00/incident.
- Legitimate customer and public complaint @ $200.00/incident.
- Failure to advise of non-attendance for work at least 24 hours prior to start at work @ $200.00/incident.

Community Services

"Appendix 2 Productivity Arrangements"

In addition to their usual duties, the staff who are signatories to this agreement have agreed to contribute the following enhancements to [workplace] team activities:

1. The attendance at staff meetings in own time on a bi-monthly basis.
2. Improved communication, within the Childcare Centre team with a focus on team building and development, and generally within the Hospital.
3. Enhanced contribution to the development of self and the team, with improved demonstration of initiative in suggestions and ideas for the Centre, education programs and programs for the future."

Public Service

"7.1 Regression"

7.1.1 If the employee is assessed during an annual performance appraisal and feedback session, as performing unsatisfactorily, the employer may choose to either:

- reduce the base salary of the employee by no more than $5000 at each assessment;
- move the employee to another [classification] position within the [workplace], in which case this agreement will be renegotiated ..."

Hours of Work

Flexible Working Hours

Hours of work provisions continue to introduce flexibility in work practices, aimed at improving service and customer demands. A manufacturing agreement has introduced mechanisms that recognise the nature of work demands and increases the hours of work to meet these pressures. The mining industry agreement below aims to achieve flexibility by giving the employer complete discretion to change the hours of work. An agreement in the public sector achieves flexibility by implementing an open-ended arrangement concerning the number of hours worked by
employees and adjusts the rate of pay accordingly. Similarly, within the finance sector, hours are left open-ended and are set at what is deemed necessary. The standard hours worked by the employee in the previous year are used to determine what constitutes regular/normal hours.

**Manufacturing Industry**

"14. Productivity Improvement Measures"

In recognition of the cyclical nature of operations at [the company], staff agree to the following productivity improvement measures:

i) Each person in Warehouse agrees to work 5 extra hours per month at normal time. These hours will be worked at the discretion of the Warehouse Supervisor/Manager. All of these 5 extra hours must be worked in that month — cannot be pooled to the following month. If more than 2 hours are to be worked at one time, 24 hours notice can be requested by the employee. No employee will unreasonably withhold their consent. Also, no more than 3 hours are to be worked in any one day. Note: all hours worked outside those originally requested are taken into consideration for award overtime and tea money. Eg if extra hours worked in one day, 3 would be at normal time, the 4th hour at double time. No tea money applies during 5 extra hours.

ii) Time off work — Up to 1 week sick leave or annual leave, 5 extra hours must still be worked. More than 1 week off — extra hours are prorated at 1 hour 15 minutes per week eg. 2 weeks annual leave = 3 hours 45 minutes still to be worked. 3 weeks annual leave = 2 hours 30 minutes still to be worked. 4 weeks Annual leave = nil to be worked — time not pooled."

**Mining Industry**

"Article 4. Work will be carried out on the basis of a normal roster of 21 days work on a [work] site or sites with the 14th day being an unpaid rest day, on a 12 hour shift basis, followed by 7 days unpaid recreation leave, including travelling time, off the [work] site in the nearest capital city. This roster may be subject to variation at the absolute discretion of the Company.

Article 5. Actual hours of work, meal break times and rotating shift rosters on a drilling site will be established and varied at the discretion of the Company."

**Public Sector**

"5. Hours of work"

The employee shall devote such of the employee's time as is necessary for the proper discharge of the employee's obligations and responsibilities and the parties note and agree that the employee's remuneration is fixed on the basis that reasonable time worked in excess of or outside usual business hours is contemplated and incorporated in this agreement. The parties further recognise that from time to time the employee may be required to work extensive hours in order to achieve [workplace] goals. Where that occurs over an extended period the parties recognise the detrimental effect which that may have on the employee's performance and in that event commit to mutually recognising and addressing the circumstances of excessive work with the intention of mitigating any detrimental effect with the provision of adequate resources and flexibility in work patterns where practicable."

**Finance Sector**

"3. Hours of Work"

3.1 Generally you will be expected to attend at work during the normal business hours associated with your position. You will be required to do sufficient work to meet the expectations of your role. It is not expected that this will require you to work more hours in total, over a year, than you did over the twelve months immediately prior to the start of this
Agreement, unless by mutual agreement. Your gross remuneration has been set in full recognition of the hours of work that may be required.

3.2 You will not be required to work more than six consecutive hours without taking an unpaid meal break. The break will be of 45 minutes duration unless you agree to reduce it to 30 minutes. You are expected to organise your work to give effect to this provision.”

Overtime

Payment for overtime has become a key target area in agreements for changing the nature of remunerating employees for additional hours worked. The following agreements provide new mechanisms for remunerating workers for hours worked beyond the normal span of hours. Interestingly, all agreements that follow are Australian Workplace Agreements (AWAs). The transport industry agreement states that working additional hours is voluntary, however, if an employee chooses to work additional hours above the stated limits, they are not remunerated. The accounting services agreement states that overtime is voluntary and can be worked to a maximum of three hours per day, after which overtime payment applies. Within the business services sector, a motor vehicle is provided to employees as a substitute for all overtime payments. The transport industry agreement provides overtime payments as a flat payment per day by removing hourly loadings. The agreement in the retail sector provides both paid overtime plus time off for all hours worked.

Transport Industry

“(d) Rates of Pay

...

Weekend work will not be undertaken on a regular basis, but may be required to work on weekends when unusual events require it.

In that event the employer will roster the employee on a volunteer basis if possible.

When hours are worked in excess of 10.5 hours per shift, or 52.5 hours per week, these will be at the choice of the employee on a voluntary basis.”

Accounting Services

“25.1 Employer Instigated Overtime

25.1.1 Where we specifically request you to work in excess of 7.6 hours per day or 38 hours per week and you work such hours, we will pay you at the rate of time and a half for the first three (3) hours and double time thereafter.

25.2 Voluntary Overtime

25.2.1 Where you voluntarily request (in writing on each occasion) to work additional hours (and such hours would not have ordinarily been paid by us to you in accordance with 25.1), we may agree to your request. Provided that, such overtime will be up to a maximum of three (3) hours only on each occasion so worked. Thereafter the overtime provision of 25.1 above are payable.

25.2.2 Where agreement is reached in terms of 25.2.1 above, you will be paid at single rates only.”

Business Services

10. Overtime

10.2 All employees who have use of a company owned motor vehicle shall in lieu of receiving payment for overtime worked, receive full private use of that motor vehicle. Hours worked outside ordinary hours will be recorded by the employer. If overtime hours worked during the term of this agreement exceed 104 per annum, the employer shall be paid for each hour worked at the normal rate or receive time off in lieu for the overtime worked.
Transport Industry

“Schedule A — Rates of Pay

- For each hour worked past eight hours in a single work assignment an additional $2.00 per hour will be paid.
- For an assignment worked on a Saturday or Sunday a bonus of $15.00 will be paid.
- For an assignment worked on Christmas Day, New Years Day, Good Friday, Easter Monday, ANZAC Day, or the Queens Birthday Public Holiday, a Special Meal allowance of $20.00 will be paid.
- A productivity bonus of $25.00 per [trip] will be paid using the following formula:

  \[ \text{Bonuses Payable} = \text{TP} - (\text{WH} - 1) \]

\( \text{TP} \) = Total patients actually transported (cancelled cases are not counted).

\( \text{WH} \) = Work Hours, being the number of whole hours from start of duty to the completion of the last case of the duty. The number of whole hours is calculated by the number being rounded up to the next hour if more than fourteen minutes of the hour have elapsed, or down to the previous hour if less than fifteen minutes have elapsed.

Where the number of bonuses calculated is equal to or less than zero, no bonus is payable.”

Retail Sector

“13. Overtime

13.1 All time worked outside the ordinary hours of Clause 10 shall be overtime.

13.2 Employees shall not be required by the employer to work overtime. All overtime if worked by prior agreement shall not exceed two hours in any one day and is claimed and approved in writing.

13.3 Overtime will be paid at the appropriate rate of Clause 12.1 of this agreement, plus 50% for each overtime hour worked or at the appropriate rate of Clause 12.1 of this agreement plus one paid hour off for each hour of overtime worked.

13.4 Overtime meal allowance will be paid at the appropriate rate according to Clause 4 of this agreement or at a higher rate at the discretion of the employer.”

Casual and Part-Time Employment

Casual and part-time employment are an increasing feature of our labour market; they provide both functional and numeric flexibility for employers. The following agreements provide new methods of dealing with this sector of the workforce. Firstly, within the hospitality industry agreement, casual employment is phased out for flexible part-time workers, which allows the organisation to retain employees and provide employees with greater employment security. A food manufacturing agreement annualises hours and wages for part-time workers, which allows the employer to roster these workers in a flexible manner, ranging from 0 to 38 hours in any week. This flexible use of part-time employment eases the ability to meet staffing needs and work demands. The transport sector agreement provides casual employees with accrued sick leave and annual leave entitlements.
7.2.2 Flexible part-time employees will be employed to:

(a) assist [the company] manage operations in Departmental units, otherwise subject to short-term fluctuation;
(b) minimise the need to engage casual employees and temporary employees.

7.2.3 Flexible part-time employees will be given the opportunity to progress within the classification structure in the same way as other employees.

7.2.4 In recognition of the Company’s commitment to provide improved security of employment for flexible part-time employees, the parties agree to the following:

(a) the administration of flexible part-time employees will be ‘pooled’ within [company] locations with [the company’s] capacity to assign such employees to different [company] locations in the Sydney CBD as required from time to time; and
(b) The [company] will have maximum flexibility in scheduling work for flexible part-time employees (subject to safeguards specified herein).

7.2.6 To compensate for the additional flexibility provided, flexible part-time employees will receive a loading of 5% on the ordinary hourly rate of pay for the appropriate classification prescribed in Schedule 1 of Appendix 1.”

**Food Manufacturing**

“4.6 Part-Time Employment

The parties have agreed to increase the incidence of permanent employment ... As part of the strategy to achieve this aim, new part-time conditions of employment have been agreed. Current casual employees, where employment patterns are appropriate, will be offered part-time employment on the terms set out below. New employees may be employed on these terms.

The offer of part-time employment to casuals is solely their choice. No individual will be discriminated against on the basis of moving or not moving to permanent part-time.

4.6.1 At the time of engagement, the proposed average weekly engagement hours (AWEH) shall be agreed between the employer and employee and shall not be altered except by further agreement.

4.6.2 The AWEH may be averaged over a 12 month period based on a minimum of 624 hours and a maximum of 1,976 hours over such period. For example, for an employee, AWEH may be agreed at 25 hours. During peak periods, weekly hours could be up to 38 hours and during the off season, weekly hours could be 0. Despite the variations, the employee is paid for 25 hours per week. That is to say that hours are banked during the peak period.”

**Transport Sector**

“6.11 Casuals

Casuals would be paid same rate as weekly hirings. They will accrue annual leave and sick leave. They must accrue a minimum of 8 hours before any payments are made.”

**Leave Arrangements**

Leave arrangements continue to show innovation, both in terms of payment and the taking of leave. In the first agreement, annual leave is used to encourage the retention of employees by offering higher annual leave loading for longer serving employees. A public sector agreement recognises and provides leave for war-caused illness, while a business services agreement has established a mechanism for dealing with stress-related illnesses. A retail agreement incorporates payment for public holidays into the employees’ rate of pay and if an employee does
not work on a gazetted public holiday, this day of leave is taken away from accrued annual leave.

**Hospitality Services**

"18.1 Annual Leave"

18.1.1 Permanent full time employees who have been in the continuous service of the establishment for a minimum period of twelve months shall be granted a 160 hour period (four working weeks) of leave at their current hourly rate.

All permanent employees will receive annual leave loading for each completed year of service in accordance with the following table:

<table>
<thead>
<tr>
<th>Years of Continuous Service</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>15</td>
</tr>
<tr>
<td>Second</td>
<td>20</td>
</tr>
<tr>
<td>Third and thereafter</td>
<td>25</td>
</tr>
</tbody>
</table>

Leave loading will be paid at the employee's current weekly wage and will not be paid on incomplete years of continuous service."

**Public Service**

"(17) War Caused Illness"

(a) An employee who produces a certificate ... stating that the employee suffers from a war caused illness, may be granted special sick leave credits of 112 hours 30 minutes per annum on full pay in respect of that war caused illness. These credits shall accumulate up to a maximum credit of 337 hours 30 minutes and shall be recorded separately to the employee's normal sick leave credit.

(b) Every application for sick leave for war caused illness shall be supported by a certificate from a registered medical practitioner as to the nature of the illness."

**Business Services**

"9. Stress Leave"

9.1 At the end of each six month period worked, an Employee who works a minimum of 70 hours per fortnight shall be entitled to take stress leave of two days duration to be paid at the ordinary rate of pay applicable at the time of taking the leave.

9.2 It is further agreed between the Employer and the Employee that the four day stress leave shall be taken at a time which is mutually agreed between the parties.

9.3 An entitlement to four days stress leave is not (ac)cumulative and must be taken during each twelve month period of employment.

9.4 It is further agreed between the Employer and the Employee that the four day stress leave accrues on a pro-rata basis."

**Retail Sector**

"8.2 Incorporated in the rate of pay prescribed in clause 6.1 of this agreement, is an amount to compensate employees on any public holiday upon which they are rostered to work. When an employee is not required to work on a public holiday, the annual leave entitlement for that employee shall be reduced by 1 day for each public holiday not worked."

**Parental Leave**

Innovations in providing paid parental leave and other benefits for the birth or adoption of children are growing. A public sector agreement uses the concept of primary carer and other carer to access a pool of six weeks paid leave. Two weeks is provided for the mother and a pool of four weeks can be shared or used by either parent. The second agreement, also in the public sector, provides both paid parental leave and a maximum of 104 consecutive weeks unpaid parental leave.
Public Sector

"15. Parental Leave

15.1 [The employer] is committed to providing a working environment that supports the needs of families. Parental leave is considered by [the employer] to be an effective management practice designed to encourage staff to return to the workplace in order to retain skilled and experienced staff. Parental leave within this Agreement means paid maternity leave, parental leave and adoption leave.

15.2 The entitlement to paid maternity, parental and adoption leave shall be determined consistent with the provisions of Part 4 — Parental Leave of the Industrial Relations Act 1996 but shall not extend the maximum period of leave as prescribed by the Act.

15.3 Primary Carer Leave

Primary Carer Leave is leave taken by an employee in connection with the birth of a child, or adoption of a child less than six (6) months of age, for whom the employee is the primary carer. Primary Carer Leave, in this Agreement, shall consist of an unbroken period of four (4) weeks at the employee’s ordinary rate of pay.

15.4 Other Carer Leave

Other Carer Leave is leave taken by an employee in connection with the birth of a child, or adoption of a child less than six (6) months of age, of the employee’s spouse or partner. Other Carer Leave, in this Agreement, shall consist of an unbroken period of two (2) weeks at the employee’s ordinary rate of pay.

15.5 Primary Carer and Other Carer Leave granted pursuant to this Agreement shall be considered as service with [the employer] for all calculations of entitlements.”

Public Sector

"21. Parental Leave

(1) Subject to subclause (2) an employee is entitled to take up to 104 consecutive weeks (2 years) unpaid leave for—

(a) the birth of a child to the employee or the employee’s spouse; or

(b) the placement of a child with the employee for adoption.

22. Paid Parental Leave

(1)(a) Notwithstanding the provisions of Clause 21 — Parental Leave of this Agreement, paid parental leave will be granted to employees, subject to the following:

(b) An employee who is the primary care giver, and who has completed 12 months continuous service with the [organisation] or a recognised previous employer, will be entitled to 6 weeks paid parental leave, from the anticipated birth date.

(c) Only one period of paid parental leave is available for each birth or adoption.

(d) Contract employees paid parental leave cannot continue beyond the expiry date of their contract.

(e) Paid parental leave taken in accordance with paragraph (a) of this clause will form part of the 104 weeks parental leave entitlement provided in Clause 22 — Parental Leave of this Agreement.

... 

(g) The [employer] may request evidence of primary care giver status.”
Training

Training provisions in agreements have typically only covered basic and general issues and lack any comprehensive detail concerning training programs or payment and allocation of training for employees. A security services agreement provides employees with a training allowance to undertake relevant industry training. The second agreement within the aviation sector uses a training bond arrangement that provides an incentive for trained employees to remain with the firm for a longer period. That is, if the employee is trained and leaves the organisation before a set period of time, the cost of training must be repaid to the employer.

Security Services

"9.5 TRAINING ALLOWANCE"

9.5.1 Permanent employees shall, after 12 months employment, be entitled to receive a payment as outlined in the table at 9.5.2, which is to be used for the purpose of undertaking relevant industry training. Employees shall be encouraged to participate in such training, the aim being for all employees to successfully complete the Certificate IV in Security Operations.

9.5.2

<table>
<thead>
<tr>
<th>Employee</th>
<th>Payment per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security Officer</td>
<td>$1000.00</td>
</tr>
<tr>
<td>Grade 1, 2, or Supervisor</td>
<td>$2000.00</td>
</tr>
</tbody>
</table>

9.5.3 The employee shall receive payment of the allowance in full on completion of each year's service on production of evidence of enrolment in such training course.

9.5.4 Once an employee has successfully completed the Certificate IV in Security Operations, the allowance may be used for any relevant training agreed between the company and the employee.

9.5.5 If, during the term of this agreement, a Training Award, or variation to the Security Industry (State) Award in respect to training occur, the provisions of that Award or variation shall be in addition to the provisions of this Clause."

Aviation Services

"(H) TRAINING BOND"

Notwithstanding any provision contained herein, the Company is entitled to impose a Training Bond to seek recovery of the costs of Pilot training, expended in compliance with the requirements of clause 18 herein, in the event of resignation by a Pilot, during the training period or within two years of completion of training. Such Training Bond shall have effect immediately upon separation with the following formula being applied:

(i) After the date of the first eight undertaken as part of the training and before completion of the training the pilot will pay to the Company the compensation sum in full, the final sum being proportional to the amount of training received;

(ii) After completion of training but within twenty-four months thereafter, the pilot will pay to the Company the compensation sum reduced by one twenty-four equal part thereof for each completed month of employment after completion of training.

Provided that the Company shall waive Training Bonds for Pilots with more than four years service with the Company. Provided further, the Company shall waive any residual return of service and the monetary equivalent, on a current Training Bond or Bonds, when the Pilot reaches four years service with the Company.
In those cases where the Company has terminated the employment contract of a Pilot on grounds such as redundancy, retirement or the grounds of ill-health or similar circumstance, any indebtedness that may be owing under a Training Bond shall be waived by the Company."

**Other**

**Goods & Services Tax (GST)**

With the introduction of the GST in July, several agreements are beginning to include provisions relating to GST. An example of a common clause used for this purpose is provided in the building sector.

**Building Services**

"7. CLASSIFICATION STRUCTURE & RATES OF PAY"

5. An additional payment will be made to compensate for the impact of the Goods and Services Tax on the Consumer Price Index. In the circumstance that the CPI limit below is exceeded the appropriate additional payment will be made to the wage rates. The CPI figure for the applicable dates will be the official figure released by the ABS for the preceding year.

<table>
<thead>
<tr>
<th>Date</th>
<th>CPI Limit</th>
<th>Additional Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2001</td>
<td>5%</td>
<td>1% (paid 1/9/2001)</td>
</tr>
<tr>
<td>June 2001</td>
<td>6%</td>
<td>2% (paid 1/9/2001)</td>
</tr>
<tr>
<td>June 2002</td>
<td>5%</td>
<td>1% (paid 1/9/2002)</td>
</tr>
<tr>
<td>June 2002</td>
<td>6%</td>
<td>2% (paid 1/9/2002)</td>
</tr>
</tbody>
</table>

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Report written by Betty Arsoskva and Sturt Carter at ACIRRT. Coding and data entry by Kate Abell, Robin Denver, Justine Evesson and Sturt Carter.

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