CCH/ACIRRT
Agreements Database Monitor

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Report
Number 21
June 1999
WAGE TRENDS

Wage Increases in March '99 Quarter Certified Agreements

The average annual wage increase for enterprise agreements registered in the March 1999 quarter was 3.9% (per agreement), down by almost 1% from the December 1998 quarter (4.8%).

Wage Trends in Enterprise Agreements

The March 1999 figure is the largest drop in wage trends since September 1997. It is the first time that the average annual wage increase has fallen below 4% over the past three years. The figures represent the lowest average annual wage increase since March 1995. The differences in wage outcomes were less pronounced between the public and private sectors. Figure 1.1 illustrates the quarterly wages movements since 1995.

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

Source: ADAM Database, 1999
Wage Increases in Current Agreements

The trend for agreements currently in operation (those which had not reached their nominal expiry date as at end of March 1999) shows that the average annual wage increase for currently operating agreements remains at 4.3% (see Figure 1.2). The annual industry average wage outcomes ranged from 5.8% in mining/construction to 2.9% in recreational and personal services reflecting a growing difference in outcomes across the economy.

Figure 1.2 Average Annual Wage Increases in Current Operative Agreements, by Industry

Source: ADAM Database, 1999

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

Table 1.1 highlights the range of average annual wage increases within industries in currently operating agreements and demonstrates the fragmentation of wage outcomes. The figures suggest that many of the high wage outcome agreements are from those workplaces that are more likely to have a strong union presence at the workplace. Annual wage increases as high as 24.0% have been found in the mining/construction industry and metal manufacturing while the same industry also provides for an average wage increase as low as 0.7% per year.

Table 1.1: 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>24.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Food, Beverage &amp; Tobacco Manufacturing</td>
<td>10.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Metal Manufacturing</td>
<td>15.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>15.0</td>
<td>0.6</td>
</tr>
<tr>
<td>Electricity, Gas &amp; Water</td>
<td>15.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Wholesale/Retail Trade</td>
<td>15.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Transport/Storage</td>
<td>15.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Financial Services</td>
<td>22.5</td>
<td>0.7</td>
</tr>
<tr>
<td>Public Administration</td>
<td>9.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Community Services</td>
<td>22.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Recreational &amp; Personal Services</td>
<td>11.5</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: ADAM Database, 1999

Note: Current agreements include all agreements which have not reached their stated nominal expiry date as at end March, 1999
High Wage Agreements

We have examined a selection of high wage increase agreements and found that most agreements provide for relatively high wage increases in return for demonstrated improvements in performance such as the meeting of outlined performance targets and the increasing use of flexible working hours. Flexible work arrangements included staggered meal breaks, earlier start and later finish times, and increased emphasis on multiskilling (see Table 1.2 for details). In several instances certain allowances and annual leave loading were rolled into the wage rate. The market rates were also used an indicator to determine the level of wage increases.

Table 1.2: Key Features of Recent High Wage Increase Enterprise Agreements

<table>
<thead>
<tr>
<th>Industry</th>
<th>Key Provisions</th>
</tr>
</thead>
</table>
| Recreational Services (AAWI 11.5%) | • An average of 23% increase on certification over two years. The averaged percentage constitutes an actual $100 per week increase across the board.  
• Previously employees were paid as per the Greenkeepers Award. The employer considered the increases fair due to a lack of wage movements in the award.  
• The increase absorbs 17.5% annual leave loading, higher duties allowance, wet work and meal allowances, and night watering allowance.  
• An industry allowance is payable contingent upon good and diligent performance. |
| Health Services (AAWI 7.5%)     | • 15% is available for wage increases over a two year period.  
• Initial wage increase of 5% guaranteed on certification in recognition of achieved productivity improvements.  
• Remaining 10% is at risk and linked to agency wide productivity improvements in 7 specific business systems. The increases are payable in 3 separate allotments on demonstrated completion of specified improvements.  
• A Joint Consultative Committee is to monitor and further develop productivity outcomes.  
• Annual leave loading is traded-off for an extra 3 days annual leave. |
| Private Transport (AAWI 9.6%)   | • An 8% increase over the 10 months of the agreement in 3 separate instalments.  
• Wages are guaranteed but in return for meeting agreement objectives.  
• Increased emphasis on multiskilling.  
• Introduction and application of new technology.  
• Flexible working hours.  
• Introduction of performance management. |
| Education (AAWI 12.2%)          | • 12.2% increase over twelve months.  
• 6.2% on certification, 3% after 6 months and a further 3% funded solely by productivity improvements.  
• Productivity improvements to be achieved are:  
  * Each employee to work one evening a week for 2 hours with 1.5 hours taken as time in lieu.  
  * The Joint Consultative Committee to find further ways to implement flexible working hours where necessary for the business.  
  * Introduction of performance reviews.  
  * Introduction of new disciplinary procedures.  
  * Use of 48/52 to enable ‘fractional employment’.
<table>
<thead>
<tr>
<th>Industry</th>
<th>Key Provisions</th>
</tr>
</thead>
</table>
| Local Government (AAWI 8.74%) | ● 16.75% total wage increase payable on certification over two years.  
● 3.25% is an advance payment anticipating an award increase.  
● 13.5% is payable to any current permanent staff employed prior to certification as a full and final settlement of a disputed underpayment claim from September 1987. New employees do not receive the 13.5% increase.  
● The remainder of the agreement is relatively standard.                                                                                             |
| Pharmaceutical Manufacturing (AAWI 10.1%) | ● 20.19% over a two year period. 15.19% at certification and a further 5% 12 months later.  
● The initial 15.19% is broken into 2 components, 3.5% reflects market movements and 11.69% is offset by:  
  * Change from fortnightly to monthly salaries  
  * Earlier starts and later finishes. This includes 12 hours of work a day as ordinary time.  
  * Absorption of meal allowance.  
● The second wage increase, the further 5%, is in recognition of market movement.                                                                     |
| Electrical Services (AAWI 7.65%) | ● 10.2% over 16 months in 3 instalments.  
● Employer is seeking flexibility of working hours during the life of the agreement. Joint Consultative Committee used as the main mechanism for monitoring these improvements in flexibility.  
● Agreed flexible hours of work arrangement include:  
  *1. Time in lieu to be paid at ordinary rates  
  *2. Staggered break, start and finish times  
  *3. All employees issued with pagers and to be on-call for a 7 day period over a four week roster cycle.                                                                 |

Source: ADAM Database, (1999)

Note: High wage agreements are defined as those delivering an AAWI of 6% or above.
Federal AWAs

As at the end of May 1999 a total of 58,270 individual AWAs had been approved, covering 1,500 employers Australia wide. Table 1.3 shows the rate of increase in AWAs since 1997.

Table 1.3: Number of Federal AWAs, by Quarter, 1997-1999 As at the end of:

<table>
<thead>
<tr>
<th>As at the end of:</th>
<th>Total No. of AWAs Approved</th>
<th>No. of Employers Covered by Approved AWAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1997 quarter</td>
<td>1,281</td>
<td>79</td>
</tr>
<tr>
<td>December 1997 quarter</td>
<td>4,393</td>
<td>225</td>
</tr>
<tr>
<td>March 1998 quarter</td>
<td>10,790</td>
<td>425</td>
</tr>
<tr>
<td>June 1998 quarter</td>
<td>22,471</td>
<td>700</td>
</tr>
<tr>
<td>September 1998 quarter</td>
<td>34,426</td>
<td>899</td>
</tr>
<tr>
<td>December 1998 quarter</td>
<td>45,089</td>
<td>1,163</td>
</tr>
<tr>
<td>March 1999 quarter</td>
<td>52,961</td>
<td>1,355</td>
</tr>
<tr>
<td>End April 1999</td>
<td>55,548</td>
<td>1,436</td>
</tr>
<tr>
<td>End May 1999</td>
<td>58,270</td>
<td>1,500</td>
</tr>
</tbody>
</table>


Wage Trends in AWAs

An analysis of current AWAs as at the end of the March 1999 quarter shows that almost one-third (62%) run for the maximum 3 year term, while 25% run for between 1 to 2 years. A small number (3%) ran for under 1 year while the remaining AWAs ran for between 2 to 3 years.

Of the current agreements, 30% provided for wage increases during the life of the agreement. Of the longer duration AWAs (ie 3 year term), only 21% provided for wage increases during the life of the agreement.

The average annual wage increase for all current agreements was 3.4%. An overview of the public/private sector breakdown shows that the public sector AWAs provided for slightly higher average wage increases than the private sector (3.7% and 3.2% respectively). Average annual wage increases for current AWAs ranged from 0.33% to 8.25%.

Linking Performance & Wage Increases in AWAs

In recent times, there has been an increasing focus on linking wage increases to demonstrated improvements in performance. In the case of certified agreements, these performance levels generally tend to be group based. An analysis of AWAs, however, paints a different picture. Wage increases in AWAs are increasingly granted on the grounds of an individual performance. Individual performance is, in most cases, measured using annual performance appraisals.

Of the current AWAs on the ADAM Database, only 30% provided for a wage increase. Of these, 55% based the wage increases on demonstrated improvements in productivity (whether group or
individually based). A vast majority (84%) of these AWAs that linked wage increases to performance were based on an individual level through the use of performance appraisals. These trends suggest that AWAs are becoming the new vehicle for the continued fragmentation of wage determination experienced in Australian workplaces.

Our analysis of the AWAs which linked wage increases to individual performance found that, in several cases, the quantum wage increase is not specified. Rather, the AWA simply noted that the employee would receive an increase in their wage based on their performance reviews. These performance reviews were mainly conducted on an annual or biannual basis and were in most cases the assessment was conducted by the employee’s Team Leader, Supervisor or Manager.

The performance reviews, however, varied considerably in form and detail. Two models of individual performance assessment were evident; general and comprehensive. They differed in the degree of clarity and detail of the guidelines used for performance assessment. The criteria for assessment were either vague or general with no outline of explicit criteria to be used, or they were well-defined and relatively detailed.

While many AWAs provide for wage increases based on individual performance appraisals, several AWAs also carry with them a collective element in the performance criteria such as teamwork and group communication skills.

Sample clauses of performance reviews used in AWAs are provided below. The first sample clause illustrates a more comprehensive and detailed use of criteria used for performance reviews. The second example uses a general set of criteria that is applicable to all the positions at the workplace.

Example 1

"Performance Pay

At the expiration of this agreement, the parties will review the employee’s performance under this agreement and will renegotiate the base salary to apply to a new agreement. This review of base salary will replace the annual assessment of performance pay.

Performance Criteria

The responsibilities of the employee and indicators of performance for annual performance assessment will be as set out in the attached performance agreement (see Attachment 3), which is hereby incorporated into this employment agreement."

Attachment 3 [an outline version]

<table>
<thead>
<tr>
<th>Key Result Area</th>
<th>Individual’s Responsibility</th>
<th>Output</th>
<th>Outcome</th>
<th>Performance Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defines the principal areas of action contained in the job’s specifications.</td>
<td>Defines the desired goals which make up the key result areas — between four and nine goals per principal area.</td>
<td>Specifies the procedures used to achieve the individual’s goals.</td>
<td>Defines the particular outcomes of the specified procedures.</td>
<td>Defines the indications of performance of the desired outcomes.</td>
</tr>
</tbody>
</table>
Example 2

'Remuneration Review

A remuneration review will be conducted to take effect from [the first anniversary of the commencement of the agreement].

Salary increases shall be linked to individual employee performance and be made against a background of considerations relating to market conditions and other relevant factors.

A further review will then be conducted [in six months time].

Performance Criteria and Performance Management

The Company will implement Employee Performance Reviews to allow meaningful performance evaluation, for each employee, based on objective criteria. This will occur on a regular six month basis.

Performance Reviews will include such attributes as the employee's ability to maintain and develop positive relationships in the workplace, to develop the level of technical and other competencies required to do the job effectively and to adopt a team approach by assisting and working with fellow employees and their commitment to operational requirements.

The performance review program serves the interests of both the employee and the Company. The program provides essential feedback on performance for the employee and forms the basis of ongoing training and development programs; it also provides an objective background for assessments related to remuneration. This program also provides you with the opportunity to raise ideas and improvements you believe would benefit the operation.

Appendix 1

PERFORMANCE REVIEW REPORT — CONFIDENTIAL

Name: ___________________________ Position: ___________________________
Period Under Review: ___________________________ Department: ___________________________
Length of Service: ____________ Y ____________ M Reviewer: ___________________________

Review: A review will be held ... twice annually in June and December of each year until [the agreement] expiry.

The prime purpose of this performance review is to:

- Assess performance by identifying successes and discerning areas for potential improvement
- Strengthen communication links between employee and supervisor
- Ensure effective ongoing development of the employee
- Set clear, measurable performance objectives against which performance for the ensuing period can be evaluated

...
### Quality of Work

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Has yet to achieve skills required. Many errors or rejects. Requires supervision.</td>
</tr>
<tr>
<td>2</td>
<td>Has trouble following the Quality Standard Procedure, does not accept accountability for quality.</td>
</tr>
<tr>
<td>3</td>
<td>Maintains quality standards. Requires minimum supervision.</td>
</tr>
<tr>
<td>4</td>
<td>Fully understands and applies the quality and technical standards, reacts quickly to problems.</td>
</tr>
<tr>
<td>5</td>
<td>Consistently produces excellent work. Reacts quickly and rectifies problems.</td>
</tr>
</tbody>
</table>

**REMARKS:**

### Communication and Understanding

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Confuses verbal and written instructions.</td>
</tr>
<tr>
<td>2</td>
<td>Has trouble following multiple instructions.</td>
</tr>
<tr>
<td>3</td>
<td>Follows the procedure but without full understanding.</td>
</tr>
<tr>
<td>4</td>
<td>Comprehends quickly, verbal and written instructions, has good understanding of procedures/production requirements.</td>
</tr>
<tr>
<td>5</td>
<td>Communicates effectively at all levels with clear verbal and written reports, i.e. non-conformance, measurements and accreditation requirements.</td>
</tr>
</tbody>
</table>

**REMARKS:**

### Teamwork

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not a team member.</td>
</tr>
<tr>
<td>2</td>
<td>Shows reluctance to join the team.</td>
</tr>
<tr>
<td>3</td>
<td>Generally works as a team member.</td>
</tr>
<tr>
<td>4</td>
<td>Participates constructively in the team.</td>
</tr>
<tr>
<td>5</td>
<td>A valuable team member who participates on the development of the team.</td>
</tr>
</tbody>
</table>

**REMARKS:**

The following examples illustrate a more general form of individual performance appraisal where the appraisal method is not detailed. Ill-defined methods have the potential to open the path for increased managerial discretion in granting wage increases and determining the quantum.

**Example 3**... Your salary will be reviewed on an individual basis following completion of your performance review in December of each year, and effective from 1st January each year. The outcome of that review depends on your assessed performance and the Company's economic performance.
The salary is paid by the Company to compensate you fully in respect of all entitlements including payment for all hours worked in accordance with [the hours arrangements in this agreement], location, and other factors associated with this position.

This salary is directly linked to the position and in the event of you transferring to another position and/or operation, your salary will be reviewed in line with the new position.”

Example 4

“(b) Performance Increase

On the basis of your Manager’s annual assessment of your performance, your annualised wage may be increased by up to 4% in April of each year of the AWA. If you are unsatisfied with your Manager’s annual assessment you may have the Manager’s assessment reviewed as per the Dispute Resolution Procedure outlined in [this agreement]. Any performance increase will apply to the base hourly rate and will be included in all calculations affecting the annualised wage such as superannuation. Your hourly rate cannot be decreased as a result of the performance assessment.”

The ADAM Database currently has information on 6090 registered enterprise agreements from the Federal, New South Wales, Queensland, South Australian and Western Australian jurisdictions. The ADAM Database also holds information on 212 federal Australian Workplace Agreements.
INNOVATIVE CLAUSES

REMUNERATION

Wage Rates Adjusted for Changes in Demand

Increasing flexibility has long been an aim in enterprise bargaining. Flexibility in hours of work, work arrangements and in adjusting staff levels have typically been ways of achieving greater flexibility, however, the following food manufacturing agreement adds a new and unconventional type of flexibility — wages. It emphasises the need for flexibility and responsiveness of wages and salaries through adjustments based on the needs of the business. The agreement links employees’ wage levels to downturns in the business cycle as an alternative to redundancy. This alternative is seen to be both beneficial for employees (by avoiding job losses) and employers (by relieving financial pressure).

FOOD PROCESSING INDUSTRY

“7. WAGE RATES

In an event that circumstances arise which would normally lead to redundancy, such as increased costs, loss of market etc the employer shall as soon as possible notify the employees of those circumstances.

In those circumstances by agreement between the employer and at least two-thirds of employees wage rates may be reduced for an agreed period by an agreed amount in order to assist the business in overcoming those circumstances and on the basis that if those circumstances are successfully overcome the employer will within an agreed period pay to the employees a bonus in accordance with an agreed formula.

Any such agreement shall be subject to approval by the Industrial Relations Commission as a variation of Clause 7 prior to implementation. If no agreement can be reached as to the temporary reduction of wage rates and the payment of a bonus or if such agreement is not approved the employer may make employees redundant...”

Annualised Wages

Annualised wage systems can also be considered a form of wage flexibility because they aim to simplify the payment structure and provide more flexibility in hours worked. The annualised wage system in the following public sector agreement applies to workers on particular rosters and incorporates payments for leave, overtime hours, availability and on-call requirements and shift penalties. Individual workers on different rosters are given a choice whether to move to the annualised wage scheme.

STATE GOVERNMENT SERVICES TO WATER TRANSPORT

“(23) AVERAGED ANNUALISED WAGE

(a) By agreement between the [employer] and an affected employee an Average Annualised Wage may apply to a given rostering arrangement.

(b) The average annualised wages as agreed incorporates where applicable:

(i) hours of work including regular and/or averaged overtime;

(ii) shift roster and applicable shift penalties;

(iii) ‘availability’ and ‘on call’ requirements.

(c) The average annualised wage has been calculated to take into account the provisions to apply for Annual Leave and Long Service Leave and shall be payable at the appropriate
weekly rate to periods of Annual Leave and Long Service Leave.

(d) Notwithstanding Clause (5) — Overtime and Clause (6) — Callout/Callback — of this Agreement, where Average Annualised Wages have been agreed an average hourly rate shall be applicable for overtime and callouts and shall be equal to the average rate prescribed. The Average Hourly Rate will apply without application of any penalty loadings.

(e) The Average Annualised Wage shall apply for the purpose of definition of superannuation contributions and entitlements.

(f) Sick leave, Annual leave and Long Service leave as prescribed in this Agreement shall be converted to an hourly entitlement to reflect the rostered hours applicable to a given average annualised wage and shall be debited based on the rostered hours that would have been worked but for the leave been taken.

... 

(j) The operational requirements of the employer may change from time to time and in such instances there shall be consultation with effected parties.

Notice of intention to change any roster or operating condition which provides a component of the Average Annualised Wage shall be one (1) month and less if the parties so agree.

In instances where the rosters or operational requirements are so altered, the Average Annualised Wage shall be recalculated and adjusted in accordance with the relevant provisions of this Agreement.”

**Productivity Bonus**

Organisations are constantly looking for ways to encourage and reward performance and efficiency to retain a competitive edge. The following business services agreement has introduced an innovative mechanism to encourage high levels of performance by linking rewards to compliance with organisational objectives and standards.

**BUSINESS SERVICES**

"17 PRODUCTIVITY BONUS"

(1) In addition to the increases in wages specified in Clause 15(6), employees may be entitled to quarterly productivity bonuses to be paid upon the completion of each quarter each year.

Productivity bonus payments will be paid in accordance with Clause 17(3) after each employee's quarterly performance is assessed against the key performance indicators in Clause 17(2).

Payments made under clause 17 may be subject to variation by the Employer to compensate for an individual’s exceptional or unforeseen circumstances.

(2) Key Performance Indicators Evaluation Criteria

- Performance Indicator
- Measurement
- Compliance
- Yes/No

1. **Quality of Work**

Has your meter reading accuracy factor averaged 0.99 or better this period?

2. **Attendance**

Have you had less than two sick leave days without medical certificates during this period?

3. **Attitude**

Have you had nil documented customer complaints or written warnings from [the company] during this Period?

4. **Work Procedures**

Have you continuously captured all cyclical or non-cyclical readings within the specified
timeframes and unloaded readings to the appropriate PC on time each day? (0.98 average)

5. Documentation

Have you consistently completed and submitted correct and accurate documentation in the following areas — all relevant data on meter reading slips, recording of all house numbers, report all suspicion of theft and tampering incidents and leaking, damaged or faulty meter or inaccurate time switch reports? (0.95 average)

6. Customers

Has [the company] received a customer service compliment as a result of your dealing with customers this period?

7. Equipment & Uniform Damage

Have you had less than 2 incidents of equipment and/or uniform loss or damage that may reflect negatively upon [the company’s] professional image? Alternatively has the value of any such repairs resulting from own negligence been less than $250?

(3) Productivity bonus payments must include KPIs 1, 3 and 4 and will be as follows:

* If yes to six or more KPIs 30% of the last weekly ordinary pay

* If yes to five KPIs 20% of the last weekly ordinary pay

* If yes to four KPIs 10% of the last weekly ordinary pay"

Flexible Remuneration Packaging

Initiatives which remove time consuming procedures in relation to administering remuneration can allow significant savings for employers and benefits for employees. One of the ways to achieve this is through salary packaging. The following public sector agreement provides for packaging not only of senior management positions but for all levels of the workforce including temporary employees with contracts longer than six months.

PUBLIC SECTOR

"14.2 FLEXIBLE REMUNERATION PACKAGING"

The following FRP arrangements will apply to ... employees:

(a) For Professional, Legal, Senior Officer and Senior Executive classifications, a component of 45% of gross salary inclusive of District Allowance (DA) will be placed in an employee benefit account;

(b) For ASO1 to ASO6 employees, a component of 25% of gross salary inclusive of DA will be placed in an employee benefit account.

(d) For temporary employees where the contract is for a period of 6 months or more, FRP arrangements apply from the commencement of the contract.

... 14.2.1 Administration of FRP

The following practices and protocols will apply to benefit account administration.

... (c) the [employer] will advise employees in writing of their classification and pay level and the schedule of benefit items that can be packaged;

(d) employees will be provided with details of payments and transactions at the end of each calendar month and advised of the details of the balance of their benefit account;

(e) the configuration of the remuneration package is to be kept confidential between the employee and the employer, and will remain in force for the term of this Agreement unless an
alternative configuration is sought by the employee;

(f) higher duties allowance (HDA) will be subject to FRP where the period of HDA is greater than the equivalent of two full pay periods;

...  

(h) where an employee ceases employment with the [employer] the employee will be entitled to access any remaining balance in his or her FRP account, on provision of relevant receipts.

14.2.2 Annual leave fares

The parties agree that an employee’s annual airfare entitlement will be paid into their FRP account on the accrual date. The amount paid into the FRP account for this purpose may then be accessed in accordance with the general procedures relating to the FRP account.

14.2.3 Inability to meet FRP criteria

Where an employee is fully exempted from FRP arrangements, his/her gross salary will be increased by 1% for each 5% of FRP applicable to his or her classification. Where an employee can demonstrate that he or she can only partially utilise the FRP arrangements without incurring a financial disadvantage, the formula of 1% increase in gross salary in lieu of each 5% FRP will be used as a guide to calculate the appropriate pay structure.”

HOURS OF WORK FLEXIBILITY

Averaging of Hours

Meeting the needs and demands of customers and seasonal constraints in the agricultural industry are important considerations in managing the hours of work. This agreement allows for hours to be determined and adjusted in line with production requirements and other constraints but also caters for employees’ needs.

AGRICULTURAL INDUSTRY

“4.3 HOURS OF WORK

4.3.1 The parties to this Agreement recognise the need for hours of work to be flexible in consideration of project requirements and taking into account factors such as seasonal conditions, remoteness and other operational requirements. In determining hours the personal circumstances of employees will also be taken into account.

4.3.2 Employees’ hours of work will be annualised at 1976 hours per 12-month period. The 1976 hours includes 152 hours annual leave and is based on an average 38-hour working week.

4.3.3 All rostered hours of work will be considered ordinary hours of work and will accumulate in the Employee’s “hours bank” towards 1976 hours at the end of the twelve month working cycle.

4.3.4 Rostered hours of work may vary from week to week and/or month to month, provided that the following principles apply:

(i) Before the beginning of each twelve 12 month period the Employer and Employees at each unit shall meet, discuss and agree on working arrangements for the 12 months for that work site.

(ii) In reaching agreement under sub-clause 4.3.4(i), all Employees will be fully consulted, have had the opportunity to express their point of view, and have had adequate opportunity to read and understand the proposed roster agreement. Employees will participate in a secret ballot on the proposed roster agreement on which the majority has agreed without pressure from either management or other Employees.

(iii) An Employee will be paid for 38 ordinary hours each week, regardless of the number of hours the Employee is rostered to work each week.
(iv) The hours of work agreement will be a 12-month agreement and must be reviewed by the Employer and Employees after 12 months. The Employer and Employees may review the roster during the 12 month cycle because of changes to operational requirements or personal circumstances of the Employee, provided that any change in the rostered hours of work is by genuine written agreement.

(v) The maximum number of hours rostered per day will be 12 hours, with a minimum 30 minute unpaid rest break after every five hours. Where 12-hour days are rostered.

(vi) The minimum number of hours rostered per day will be 5 hours, except where an Employee elects by agreement to work a shorter working day because they are taking time in lieu.

(viii) Where an Employee works hours in addition to their rostered hours on any day the additional hours will be paid as overtime at the rate of time and a half, or at the election of the Employee or by mutual agreement with the Employer, paid as time in lieu on a time for time basis and stored in the employee’s "hours bank".

(ix) At the end of the 12-month working cycle any hours in addition to 1976 remaining in the hours bank will be carried over into the next 12-month cycle. Where it is agreed between the Employer and the Employee, any hours in addition to 1976 remaining in the hours bank can be paid out at the rate of time and one half.”

**Self Rostering**

Greater flexibility can also be achieved though flexible rostering arrangements and flexi-time. The need to meet the organisational requirements and an employee’s work, family and social need is important. The following community services agreement allows for these two important factors to be addressed by permitting employees to use self rostering. It provides flexibility for employees while also meeting the needs of customers, clients and the employers.

**COMMUNITY SERVICES**

**"23.9 MODIFIED SELF ROSTERING**

23.9.1 Notwithstanding any other provision of this clause, employees shall perform their ordinary hours of duty on a modified self rostering system.

23.9.2 A ‘modified self rostering system’ means a system of rostering whereby employees undertake responsibility for the designation of shift arrangements, working days and days off, ensuring always that such system provides an adequate and safe level of appropriate qualified staff such that quality nursing care is maintained at all times.

23.9.3 Guidelines for the implementation and operation of modified self rostering are to include:

(a) number and mix of staff required by the Employer policy and government legislation/regulation to provide quality nursing care to the residents on each shift during the roster period; and

(b) periodic review of rosters to avoid conflicts that may result in under or over staffing; and

(c) the distribution of shifts should be evenly spread amongst the staff; and

(d) significant input by staff such that the need to change rosters is reduced to a minimum; and

(e) where changes to the roster are necessary, the obligation to find replacement staff rests with the employee requiring the change. Such replacement staff must be suitably qualified and of equivalent grade; and

(f) rosters should ensure maximum continuity of staff; and

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Number 21
(g) the Unit Manager shall oversee the efficient operation of the ‘modified self rostering system’.

23.9.4 In the event of any disagreement arising over the roster arrangement it shall be handled in accordance with the disputes settling procedure in ... this Agreement.

23.10 Notwithstanding any other provision of this part, this clause shall not apply to casual employees and the Director.”

**LEAVE**

**Annual Leave**

Annual leave loading has been an ongoing area of change where many organisations absorb leave loading as part of the annualisation of wages. The following finance sector agreement has introduced a new method for the elimination of leave loading which provides employees with five (5) weeks annual leave rather than four (4). The second agreement rewards employees who work on Sundays with half a day of recreational leave on top of penalty rates.

**FINANCE SECTOR**

**“20. ANNUAL LEAVE & LEAVE LOADING**

20.3 In order to standardise conditions for annual leave, from the date of commencement of this agreement, all employees of the [company], except casual employees, will accrue five (5) weeks annual leave, however, no annual leave loading will apply.”

The ability to cover shifts on a Sunday can become a challenge for employers as many workers have family commitments. In the following agreement, the employer has provided an incentive for employees to work on weekends in turn, meeting the operational requirements and the needs of clients.

**EDUCATIONAL SERVICE**

**“3.1 RECREATION LEAVE**

Where staff members are required to work on Sundays as part of normal rostering arrangements, they will accrue an additional half day Recreational Leave for each Sunday worked, up to a maximum of 5 days (38 hours) additional leave per year.”

**Sick Leave Portability**

Sick leave has also been the focus of many changes in enterprise agreements and AWAs. The civil construction agreement below provides a sick leave portability scheme similar to the common long service leave portability scheme.

**CIVIL CONSTRUCTION**

**“17 SECURITY OF PAYMENT & PORTABILITY OF ENTITLEMENTS**

17.1. Sick Leave Accumulation and Portability

Employees are entitled to one (1) day of sick leave entitlement on the first day of every calendar month of employment. This entitlement will accumulate monthly from year to year in this fashion to a maximum of 100 days.

The Company recognises that there is merit in a union proposal to establish a system whereby employees can have their untaken sick leave paid into a portable fund which would be administered by trustees drawn representatively from the industry.

The purpose of such a fund would be to ensure that untaken sick leave is not lost when an employee changes employer and to allow employees to draw on the fund in the event of prolonged illness, where the employee may not have sufficient entitlement with a new employer.

In the event that a mutually agreed fund is established by the industry parties, the Company shall agree to pay an agreed amount
of untaken sick leave accrued since signatory of this Agreement into the fund.

Pending the establishment of this fund any untaken sick leave accumulated since October 1 1997, will be paid on termination, to an employee.’’

**Sick Leave Incentive Scheme**

Opportunities to encourage reduction in the amount of sick leave taken by employees continue to be used as an initiative in enterprise agreements. Within the storage industry this issue had been addressed by providing financial incentives for employees to take sick leave only in genuine circumstances. This incentive scheme is also supported by the employer funding a Quit Smoking program for those employees wishing to stop smoking.

**STORAGE INDUSTRY**

**“14. SICK LEAVE/FAMILY LEAVE**

14.8 [The employer] is aiming to improve the health of its workforce and will offer a Quit Smoking course to those full time employees who wish to give up.’’

**“20. SICK LEAVE SCHEME**

20.1 An amount of $50.00 per month shall be paid to an employee who works full 8 hours shifts on all available working days during [the employer] trading month.

20.2 An additional amount of $300.00 shall be paid at the end of a six (6) month period to an employee who worked full shifts on all available working days during this period. This period will be deemed to be a “rolling” period of six (6) months ie if an employee is in the first month, the next available six month block or period would commence the next month.

20.3 Where an employee has worked a five (5) month period without absence and becomes ill in the sixth month a pro-rata payment shall be made equivalent to 66% of the six (6) month incentive payment ie $200.00

NB The above mentioned incentive arrangements will enable an employee who works all available shifts over forty eight (48) weeks and takes four (4) weeks annual leave to receive a payment of $1200.00 (12 months x $50.00 plus two payments of $300.00).

20.4 The incentive payments detailed above cover periods of annual leave provided the employee has provided [the employer] with a minimum of two (2) weeks notice of the intention to proceed on annual leave.

20.5 The incentive payment is not applicable when an employee is absent and in receipt of workers compensation payments.”

**Personal Carers Leave**

Balancing work and personal/family needs is provided in several agreements mainly through minimum legislative requirements such as family/carer’s leave. The following agreement, however, takes it one step further by recognising same sex couples and makes personal carers leave conditions also available to this group.

**HEALTH & WELFARE SECTOR**

**“15.7 PERSONAL CARER’S LEAVE**

Five days paid leave (cumulative), will be available to employees to provide care and support for children or significant other persons for whom they have responsibility for providing care and support.

[The employer] aims, wherever practicable, to provide flexible working arrangements which support employees in relation to their responsibilities to family and dependents.

This does not distinguish between partners or employees on the basis of their gender or sexual orientation nor replace existing entitlements to family leave which will still be available if the leave provided here is exhausted.’’
COMMUNICATION & CONSULTATION
Dispute Avoidance

Most agreements contain a provision for the manner in which disputes are to be resolved. In the following private health services agreement, a more proactive approach is taken to address workplace problems through regular meetings with management.

DENTAL SERVICES SECTOR

“8. AVOIDANCE & RESOLUTION OF DISPUTES

The parties agree to observe the following procedure for the avoidance and resolution of disputes.

The employer will be available for fortnightly 15 minute Individual Personal Interviews on a one to one basis with each staff member. Therefore each staff member will have an arranged 15 minutes every quarter to discuss any grievances or problems. If an emergency interview is required a time will be allocated as necessary.

Any employee showing unsatisfactory performance or behaviour will have an opportunity to discuss their problem with the employer at any time.

If performance is still unsatisfactory after a given period to improve, disciplinary action may be taken.

If no agreement can be reached over a dispute or grievance then the Industrial Relations Commission shall be involved for the resolution of this issue.”

CASUAL EMPLOYMENT

The terms and conditions under which casual employees are engaged vary considerably in AWAs and enterprise agreements. Typically casuals are paid an hourly rate plus a loading in lieu of other payments. During the last quarter several agreements have provided improved conditions and benefits for casual employees and have also recognised that casual workers have additional rights.

Loadings

Casuals loadings are used to compensate for the provision of other benefits and entitlements enjoyed by permanent employees. The following agreement, in the entertainment industry, pays casual employees shift penalties for irregular hours of work and encourages the undertaking of more permanent forms of employment.

ENTERTAINMENT INDUSTRY

“4.7 CASUAL EMPLOYMENT

4.7.1 Casual employees shall be paid one thirty-eighths of the weekly rate for the class of work that they are performing plus the following ordinary time loadings:—

(a) 25 per cent for work performed between Midnight Sunday and Midnight Friday;
(b) 50 per cent for work performed between Midnight Friday and Midnight Saturday;
(c) 75 per cent for work performed between Midnight Saturday and Midnight Sunday;
(d) 150 per cent for work performed on Statutory Holidays:

4.8 COMMITMENT TO PERMANENT EMPLOYMENT

The parties agree that permanent part-time employment is beneficial and commit to increasing, where possible the number of part-time positions.

A casual employee may, after 12 months constant employment, approach the [employer] with a view to transferring to a part-time or full-time position.”

Recognition of Casual Employees

Recent trends have shown a move towards recognising casual employees as committed workers in their own right. Two recent
agreements state that casual employees are now also entitled to redundancy payments. The food manufacturing industry provides a relatively substantial redundancy payment, while the community service agreement contribution was through providing long service leave entitlements.

FOOD MANUFACTURING

"5. CASUAL EMPLOYEES"

5.1 Casual employees will only be entitled to a redundancy payment as a result of a Plant or Section shutdown in which they were employed.

5.2 Casual employees with less than one year's continuous service will be paid a lump sum amount of $500.00.

5.3 Casual employees with more than one years' continuous service and less than five years' continuous service will be paid a lump sum amount of $1,500.00.

5.4 Casual employees with more than five years' continuous service will be paid a lump sum amount of $3,000.00.'"'

COMMUNITY SERVICE

"Casual Employees"

Prior to 23rd June 1990 casuals, as a general rule, were not entitled to accrued Long Service Leave. As from 23rd June 1990, the Industrial Relations Act came into force and casual employees were granted an entitlement to Long Service Leave.

Put simply this means casual employee entitlements are as follows:

DATE ENTITLEMENT

Prior to 23.6.90 No entitlements — Service does not count.

23.6.90 — 30.3.94 Service counts provided that at least 32 hours are worked every 4 weeks

From 30.3.94 Service counts provided there is no break between casual engagements of more than 3 months.”

SKILL CLASSIFICATION & TRAINING

Training Funds

During the 1980s employer contributions to training was legislated through the federal government training levy where employers where required to spend the equivalent of 1% of total payroll on training workers. This policy was removed in the early 1990s, however, a transport industry agreement has continued this practice by establishing an ‘Industry Training Safety and Industrial Rights Council’.

TRANSPORT INDUSTRY

"7. FUNDING FOR THE TRANSPORT INDUSTRY TRAINING SAFETY & INDUSTRIAL RIGHTS COUNCIL"

(a) The employer shall pay an additional amount equivalent to 1% (not to be increased while this agreement is in force) of the total payroll for employees covered by this agreement to the Transport Industry Training Safety And Industrial Rights Council, being an organisation established for the purpose of promoting vocational training, occupational health and safety training, safer work practices, knowledge of award and other industrial entitlements, and other services for the benefit of workers in the Transport Industry.

(b) Prior to the establishment of such an organisation, the fund referred to in paragraph (a) shall be deposited and preserved in an account to be agreed upon by the company and the union.

(c) [The employer] shall be represented on the board of the Transport Industry Training Safety And Industrial Rights Council.”

Scheduling Training

The provision and scheduling of essential training outside normal working hours can be
difficult for employees when juggling work and family commitments. The following finance industry agreement addresses all of these concerns by providing comprehensive consultation, and consideration of family and external responsibilities prior to the scheduling of training outside standard hours of engagement.

**FINANCE INDUSTRY**

**4. TRAINING & DEVELOPMENT**

All employees should ensure that work related training be conducted during normal working hours. Where there is a need to start these courses or programs earlier or finish later than normal working hours, employees should be consulted. Adequate notice should be given in advance and arrangements made to accommodate each employee's particular circumstances.

Consultation with employees is particularly important where residential courses are being offered. Where an employee attends such as course, consideration should be made for employee's need for 'private time' for the purpose of family or other responsibilities. Courses should not extend unreasonably into the night or early hours of the morning."

**Job Classifications**

Several organisations are moving to competency based classification structures as a criterion for rewarding employees. Typically employees are classified depending on their assessed competency level regardless of the job they are performing. The following agreement in the food manufacturing industry provides for the employer to pay wages depending on the job being performed rather than the level at which the employee is classified, thus providing greater flexibility as to the allocation and direction of work.

**FOOD MANUFACTURING**

"5.1 CLASSIFICATION & STRUCTURED TRAINING"

(4) Training/Classification Model Principles

(a) The model has been prepared with a view to addressing many of the issues raised jointly by management and the workforce. It better recognises:

* the value of competent plant operation to the Business
* practical limits to the level of multiskilling (through ability to rotate and maintain currency and meet coverage needs).
* plant expertise.
* Statutory Training for employees working in the industry.
* Merit, and Objective selection criteria for appointment to higher classification positions.

(b) Each classification level is paid on the basis that relevant tasks and responsibilities continue to be performed satisfactorily in the workplace. Recognition for payment will be made for demonstrated competence in the respective skill (or function for higher classification levels). When competence is not maintained, the employee will be given a maximum of 6 months for refresher training before a reduction in wages is implemented. Such training will be deemed as included in the training coordinated by teams, and, where applicable covered by the complement as described in Schedule 1 — clause 4. Adequate resources will need to be provided before any reduction in wages occurs.

(c) Employees can move down the wage structure and immediately be paid the lower rate of pay if the employee decides to do so. In such cases the employee will nominate the skill(s) they no longer wish to perform.
(d) Assessment will be competency based, and will include statutory components applicable to the business at the time. Presently, these are OH&S, Hygiene and Food Safety, and Environmental obligations. All employees are required to be aware of, and demonstrate compliance with these statutory requirements for our industry.

(e) Compulsory training for individuals who have not completed the above modules will be conducted in company time. Currency of statutory competence will need to be maintained periodically, or as requirements change.

(f) Training towards competence as Senior Operators will be conducted in the individual's time for time payment (as per previous TAFE). As the training is competency based, no preset training hours or points are allocated.

(g) Catch up training will be required in any circumstances where the employee is paid in advance of completing the training for the skills and demonstrating the competence. Ultimately, competence will need to be demonstrated on provision of training to maintain payment.

(h) Competence will not be recognised in skills or operations in which they cannot work through demarcations.

(i) If an employee is undertaking training outside normal hours, and producing product while training, the employee will be paid at the relevant overtime rate. Non-productive training (training where no product is being made) is to be paid at single time.

(j) Where an employee undertakes an approved course, which has mutual benefit to the company and employee, specific course enrolment fees and costs for designated textbooks will be reimbursed upon presentation of evidence of satisfactory course completion. Paid time off will also be provided for examinations within company policy guidelines.

...  

(10) Transition Arrangements.

(a) Ultimately, training and competent operation of each skill will include tailored statutory modules for that skill. In the interim, however, recognition towards the compulsory statutory component of each skill will be given for:

* OH&S Module (1997)
* Hygiene and Food Safety Module (1997)
* Environmental Work Instructions for the respective department.

(b) Existing plant training and assessment practices, will remain as suitable until competency based assessment is introduced. This will involve sign-off by trainee, trainer and supervisor/coordinator that the trainee is competent in all aspects of operation. A formal training and assessment network be developed within individuals at the higher classifications in each area.

(c) Individuals may need to be willing to change shifts in order to be eligible for higher classifications. Applications to vacant positions may be made from any eligible employee, from any shift, in order to best comply with the selection criteria.

(d) Company guarantee is to provide all statutory training by January 1999, or recognise new rates by time. Any outstanding statutory training must be subsequently completed when provided to maintain payment. Individuals' increases will be capped however to a maximum 1.5% for new classifications between January 1999 and July 1999, with balance of increases paid from July 1999. New skills learnt during this time will be paid at the corresponding level under old structure, plus 1.5%, with the balance payable from July 1999.

(e) For individuals training towards Senior Operator positions, a commitment is given to
provide training by July 1999, or provide payment in recognition. Any outstanding training must be completed, and competence demonstrated, in order to maintain rates of pay.

(f) For existing personnel, completion of Statutory training and New Gap Analysis will be allocated points under the new structure, with a commitment to recognise statutory training by January 1999. In addition, a commitment to commence training for a further 40 points by January 1999 for each technician is made, plus a further offer of 40 points by June 1999. In the event of such offers not made, payment will be recognised by these dates for such training. In either of these arrangements, all backtraining will be completed when offered, with ongoing payment conditional on competence. Individuals at higher classification levels reached under the existing structure without the points allocation under the new system will maintain wage levels, with an undertaking to train in and maintain competencies under the new system.”

RECRUITMENT & SELECTION

Recruitment of Local Labour

Many organisations (especially in smaller communities) have a practice of recruiting employees from the local region. The following construction industry agreement has formalised this practice into the organisation's recruitment and selection policy.

CONSTRUCTION INDUSTRY

"12. RECRUITMENT OF LOCAL LABOUR

It is the intention of the parties that the employment opportunities generated by the construction phase of the Project should benefit the Community.

Employers will use their best endeavours to recruit employees from within the local community for work on the construction phase of the Project subject to the following:

* The availability of suitably skilled and qualified applicants for employment;

* The Employer's selection policies and procedures."

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Report written by Betty Arsovska, Ron Callus, Justine Evesson and Robin Denver at ACIRRT. Coding and data entry by Kate Abell, Robin Denver, Justine Evesson and Maryann Hazard.

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ACIRRT is an independent organisation committed to making a difference to the Australian workplace through research, training and by sharing its findings with others. Recognised by the Australian Research Council as a National Key Centre, ACIRRT is based at the University of Sydney.

For more information about ACIRRT:

Ph: (02) 9351 5626    Fax: (02) 9351 5615
Address: Institute Blg (H03), University of Sydney NSW 2006
e-mail: acirrt@econ.usyd.edu.au
Website: http://www.econ.usyd.edu.au/acirrt/

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101 Waterloo Road, North Ryde, NSW 2113. Postal address: GPO Box 4072, Sydney, NSW 2001.
Head Office North Ryde Ph: (02) 9857 1300    Fax: (02) 9857 1600
CCH Customer Support Ph: 1 300 300 224    Fax: 1 300 306 224. For the cost of a local call anywhere within Australia.

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