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Agreements
Database
And
Monitor

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Report
Number 17
June 1998
WAGE TRENDS

Wage Increases in March '98 Quarter Agreements

The average annual wage increase for enterprise agreements registered in the March 1998 quarter was 4.1% (per agreement). This has fallen by 0.3% since the December 1997 quarter. The figure also compares with trends reported by the Federal Department of Workplace Relations and Small Business which show a 0.4% decrease from 4.7% in the December '97 quarter to 4.3% in the March '98 quarter (per agreement) for federally registered agreements only.

Quarterly Wages Trends

Quarterly wages movements since the 1995-96 peak period have settled since the September quarter of 1997 to below 4.5%. Figure 1.1 highlights these developments.

Figure 1.1: Average Annual Wage Increases in Enterprise Agreements: Quarterly Figures, 1995 — 1998

Source: ADAM Database, June 1998, based on 4,683 Federal — State agreements
Figure 1.2 notes trends in enterprise agreement wage increases for the March 1998 quarter and 1997 quarters by public/private sector. The figure shows that the private sector again provided for higher wage increases than the public sector in the March 1998 quarter (4.3% and 3.9% respectively).

Figure 1.2: Average Annual Wage Increases, by Quarter, 1997 — 1998

Source: ADAM Database, 1998
Wage Increases in Current Agreements

The average annual wage increase for all current operative agreements is 4.5%. An industry breakdown of trends is given in Figure 1.3 below for all agreements still in operation as at the end of March 1998. The figures show that the mining/construction industry (4.9%) together with the food, beverage and tobacco manufacturing industry (4.9%) provide for higher than average wage increases in current agreements. Lower than average wage increases are more likely in the recreational and personal services (3.0%) and electricity, gas and water (3.9%) industries. The finance industry has witnessed a gradual decrease in average annual wage increases over time (4.0%). This suggests that earlier agreements which provided higher than average wage increases are being replaced by agreements which provide for wage increases more in line with the average.

Figure 1.3: Average Annual Wage Increases in Current Operative Agreements, by Industry

Source: ADAM Database, 1998

Note: Current agreements include all agreements which have not reached their stated nominal expiry date as at end March, 1998
High and Low Annual Wage Increases

The granting of wage increases can vary significantly from one enterprise to the next, even within the same industry. For example, average annual wage increases as high as 15% are granted in the mining/construction industry yet within the same industry another enterprise agreement has granted 0.2%. Table 1.1 outlines this dispersion of wage outcomes. This variance illustrates the objectives of enterprise bargaining — to bargain for wages and conditions of employment at the individual workplace or enterprise where the quantum wage increase is based on the needs and circumstances of the workplace or enterprise. This issue of the \textit{ADAM Report} looks at why the differences in wage increases granted are so dramatic.

### 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>15.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Food, Beverage &amp; Tobacco Manufacturing</td>
<td>13.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Metal Manufacturing</td>
<td>8.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>12.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Electricity, Gas &amp; Water</td>
<td>8.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Wholesale/Retail Trade</td>
<td>15.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Transport/Storage</td>
<td>15.0</td>
<td>0.5</td>
</tr>
<tr>
<td>Financial Services</td>
<td>6.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Public Administration</td>
<td>12.9</td>
<td>0.7</td>
</tr>
<tr>
<td>Community Services</td>
<td>10.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Recreational &amp; Personal Services</td>
<td>8.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: ADAM Database, 1998

Note: Current agreements include all agreements which have not reached their stated nominal expiry date as at end March, 1998
The Content of High Wage Increase Agreements — In Brief

Justification for high wage increases in enterprise agreements can often be linked to the introduction of major changes in payment regimes or working time arrangements. Apart from these types of changes, an examination of recently registered high wage agreements (in Table 1.2) shows that multi-skilling, a reduction in work demarcation, the use of agreed performance indicators or benchmarks and increasing relaxation in union attitudes to the use of casuals, contractors or part-time employees are also common themes in many of these agreements.

Most currently operating high wage increase agreements have a union as a party (see Table 1.4). Employers’ recognition of union rights of entry or representation, as well as measures compelling consultation with unions, are also found in many of the high wage agreements registered in the last quarter. Some of these types of provisions may now be increasingly incorporated into agreements as a result of the award simplification process which has seen them fall outside the list of allowable matters. Table 1.2 outlines the key features of these agreements with high wage deals and shows the initiatives introduced in exchange.
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>
| Wool Industry (AAWI 7.6%) | • Limited tenure employment allows for the hiring of workers for a period of 10 to 30 weeks, with hours worked anywhere between 20 to 40 hours per week. A loading of 12% is paid in lieu of any leave, notice or severance entitlements.  
• Hours can be averaged over a number of different periods.  
• Up to 12 hours can be worked in any day if the majority of employees agree. |
| Community Services (AAWI 6.7%) | • The parties have agreed to develop performance indicators and half the wage increase noted is linked to achievement of performance benchmarks.  
• The span of normal working hours worked has been broadened (now 0600 to 1800).  
• Afternoon tea breaks have been abolished.  
• Employees can be directed to work at different sites.  
• Salaries are to be annualised.  
• A new work management system is to be introduced.  
• Measures to reduce absenteeism are to be introduced. |
| Transport Industry (AAWI 6.7%) | • Multi-skilling measures include drivers delivering, loading and unloading stock on customers' premises.  
• Multi-skilling also includes drivers performing stock confirmation functions and using new technology to input data into portable readers.  
• Part-time employees may be engaged and starting and finishing times may be staggered.  
• Separate payments for crib breaks have been abolished.  
• Extensive provisions on union representation and union training are included in the agreement. |
| Construction Industry (AAWI 8%) | • This agreement covers a labour hire company operating in the construction sector.  
• Family leave is incorporated in the agreement.  
• RDOs are changed into flexi-days.  
• Dispute settlement provisions included in the agreement are structured in a way which allows either party to treat an industrial matter, if not resolved at the end of the process and after a 48-hour cooling off period, as a negotiation for a certified agreement under Part VIB of the Federal Act.  
• Provisions recognising union rights and consultation are included in the agreement. |
| Higher Education (AAWI 6.7%) | • Paid parental leave is included in the agreement (1 week & 12 weeks if the employee is the primary carer).  
• Work patterns are to be reviewed.  
• Performance bonuses are to be paid.  
• Some public holidays are treated as normal working days but with days off in lieu.  
• Extensive redundancy and disciplinary provisions are included in the agreement. |
| Local Government (AAWI 7.1%) | • The agreement was reached against a backdrop of competitive tendering.  
• If business units can demonstrate cost and quality effectiveness, staff will be guaranteed permanency.  
• The agreement provides for both job sharing and salary sacrifice.  
• Payments are linked to the setting up of business area local work area agreements.  
• There are provisions for further changes to work hours, multi-skilling and gainsharing as part of local agreements. |
| Manufacturing (AAWI 6.3%) | • Work related allowances are also increased by 10.5%.  
• There is some provision for the paying out of some accumulated sick leave at the end of a calendar year.  
• A right of entry clause is included in the agreement. |

Source: ADAM Database, 1998
Note: High wage agreements have been defined as those delivering an AAWI of 6% or above

Number 17
Low Wage Agreements — In Brief

Just as it is misleading to focus solely upon high average wage increase figures, low average wage increase figures can be as equally deceptive unless properly weighed against all the provisions of an agreement. AAWI figures in the agreements displayed in Table 1.3 do not incorporate components of remuneration dependent upon CPI movements, performance bonuses, reclassifications, skill level payments, or the payment of allowances. Most of the agreements listed in Table 1.3 contain at least one of these forms of wage adjustment.

Employees in many low wage agreements, although receiving only a small fixed increase to base rates, may also benefit by not significantly trading off traditional award conditions. Some low wage increase agreements, however, tend to deliver low wage increases while changing award entitlements. The manufacturing agreement cited in Table 1.3 is a good example of an agreement that retains rostered days off and many other penalty payments but contains significant commitments to training, an incentive payment system and a reclassification process that appears to offer the possibility of further remuneration. This agreement can be contrasted with the hospitality agreement in Table 1.3 that not only delivers a relatively low wage increase but also reduces penalty payments, allowing for averaging of hours and the working of 12-hour shifts.

Both these agreements have unions as parties. Overall, low wage increase agreements tend to show a lower incidence of union involvement. As Table 1.4 reveals, while there was no union as a party in one out of four (25%) current low wage agreements, less than one in ten (9.2%) high wage agreements had no union as a party. It is interesting to note that while unions seem to be very influential in obtaining high wage outcomes in agreements, a large proportion of low wage increase agreements were also negotiated by unions.
<table>
<thead>
<tr>
<th>Industry</th>
<th>Key Provisions</th>
</tr>
</thead>
</table>
| Textile Industry (AAWI 2%) | - There will be an annual 1% increase in attendance allowance.  
  - Hours arrangements vary through different areas of the production process.  
  - There is some commitment to training, including trade union training.  
  - Sick leave greater than 100 hours may be paid out.  
  - There is a mechanism to vary the average annual rate through a one off payment if the increases under the agreement end up being less than those under the award. |
| Metal Manufacturing (AAWI 2%) | - Wage increases noted are supplemented by a recognition of skill levels and a reclassification process.  
  - A productivity incentive payment system is also incorporated into the agreement.  
  - Hours of work are to be 76 per fortnight with one RDO every two weeks.  
  - There is some flexibility in starting times if there is agreement with the majority of employees.  
  - Internal training programs will be provided to allow training of employees beyond the needs required for their immediate jobs. |
| Airport Services (AAWI 0.7%) | - The agreement replaces any awards that may have applied to the workforce.  
  - Wages and allowances are adjusted annually in line with upwards CPI movements.  
  - There is a phased reclassification review process also incorporated into the agreement.  
  - Hours may be changed and employees moved between shifts at management discretion in a number of situations.  
  - Due to the nature of the worksite, workers are required to perform uncharacteristic or atypical tasks from time to time. As a result of this an allowance of 7% is paid on top of normal pay rates.  
  - District allowance of $3,329, or $5,549 for employees with dependants, is also paid along with a series of other allowances. |
| Hospitality (AAWI 2.2%) | - A new classification structure and rotation through different areas of the company breaks down traditional occupation demarcations.  
  - Normal hours of work are 38 averaged over a 4-week cycle. Workers may work 12-hour and broken shifts.  
  - Loadings are reduced for new employees, and for some groups all days of the week are regarded as normal working days.  
  - There is a recognition of the role of the union. |
| Public Administration (AAWI 1.6%) | - A one off bonus of $500 is payable to employees upon certification.  
  - There is a large section of the agreement devoted to redundancy provisions.  
  - A new 8 point classification structure is introduced but increments are retained and are to be paid on the basis of assessment against diligence, efficiency and attendance criteria.  
  - The employer is permitted to enter into AWAs with employees covered by the agreement.  
  - Flexitime is retained but bandwidth is extended and is now 0700 to 1900.  
  - Staff may be redeployed to other positions. |
| Oil Refining (AAWI 1.3%) | - Job profiles and standards will be developed during the life of the agreement with the aim of reducing demarcations.  
  - Continuous improvement teams are to be formed.  
  - Annual salaries are to be introduced including remuneration for all overtime.  
  - Remuneration packages are to be reviewed annually taking into consideration the state of the economy, the performance of the organisation, other similar worksites and a range of other factors.  
  - Employees are working 12-hour shifts.  
  - There is recognition of the right of entry of the union and time off for union delegates.  
  - There is a guarantee that there will be no AWAs introduced during the life of the agreement. |

Source: ADAM Database, 1998  
Note: Low wage agreements have been defined as those delivering an AAWI of 2% or below
Table 1.4: Union as a Party, Currently Operating Enterprise Agreements

<table>
<thead>
<tr>
<th></th>
<th>Proportion of Current Agreements (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Union Agreements</td>
</tr>
<tr>
<td>All Current Agreements</td>
<td>80%</td>
</tr>
<tr>
<td>Low Wage Increase Agreements (where AAWI = 2% or less)</td>
<td>75%</td>
</tr>
<tr>
<td>High Wage Increase Agreements (where AAWI = 6% or more)</td>
<td>90.8%</td>
</tr>
</tbody>
</table>

Source: ADAM Database, June 1998

Table 1.5: Proportion of Low Wage Increase Agreements, by Industry

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Number of Current Agreements</th>
<th>Proportion of Current Agreements that are Low Wage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>21</td>
<td>9.5%</td>
</tr>
<tr>
<td>Mining/Construction</td>
<td>229</td>
<td>6.1%</td>
</tr>
<tr>
<td>Food Beverage &amp; Tobacco Manufacturing</td>
<td>117</td>
<td>5.1%</td>
</tr>
<tr>
<td>Metal Manufacturing</td>
<td>149</td>
<td>4.7%</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>223</td>
<td>5.8%</td>
</tr>
<tr>
<td>Electricity Gas &amp; Water</td>
<td>30</td>
<td>13.3%</td>
</tr>
<tr>
<td>Wholesale/Retail Trade</td>
<td>134</td>
<td>5.2%</td>
</tr>
<tr>
<td>Transport/Storage</td>
<td>146</td>
<td>6.8%</td>
</tr>
<tr>
<td>Communications</td>
<td>7</td>
<td>14.3%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>115</td>
<td>7%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>153</td>
<td>4.6%</td>
</tr>
<tr>
<td>Community Services</td>
<td>199</td>
<td>3.5%</td>
</tr>
<tr>
<td>Recreation &amp; Personal Services</td>
<td>138</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: ADAM Database, 1998

Note: Agreements current as at end March 1998 (where AAWI = 2% or less)
Low Wage Agreements by Industry

An examination of low average annual wage increase agreements by industry shows that certain sectors seem to have a higher proportion of low wage increase agreements. In particular, as Table 1.5 shows, in the recreation and personal services sector around one in six (16%) currently operating agreements delivered low wage increases. Discounting the communication sector due to the low sample size, the electricity, gas and water sector is the next most significant industry group in terms of low wage outcomes with around one in eight agreements (13.3%) delivering an AAWI of 2% or less. The industry sector with the smallest proportion of low wage agreements is the Community Services with only one in twenty-nine agreements (3.5%) delivering these types of increases.

Duration of Agreements

Table 1.7 shows that the average duration of currently operating agreements is over 2 years (25.5 months). ADAM Report 15 showed that the average duration of agreements at the time was 24 months. Table 1.6 shows that most agreements run for between 1-2 years (54.8%) with the next most common length of an agreement being 3 years or more (24.5%). Trends show that agreements are increasingly running for longer periods of time. This could be for many reasons, including the fact that many employers like to lock in an agreement for a longer period in an economy with particularly low inflation levels. Another explanation could simply be that the negotiation process can become quite time-consuming and tie up the organisation’s resources, therefore, employers aim to reduce time and costs by striking an agreement which runs for a longer period of time.

<table>
<thead>
<tr>
<th>Agreements running for:</th>
<th>Proportion of current agreements (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 months or less</td>
<td>8.2</td>
</tr>
<tr>
<td>13-24 months</td>
<td>54.8</td>
</tr>
<tr>
<td>25-36 months</td>
<td>12.4</td>
</tr>
<tr>
<td>36+ months</td>
<td>24.5</td>
</tr>
</tbody>
</table>

Source: ADAM Database, 1998

Note: Current agreements include all agreements which have not reached their stated nominal expiry date as at end March, 1998
### Table 1.7: Average Duration of Current Agreements, by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Duration (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining/Construction</td>
<td>27.0</td>
</tr>
<tr>
<td>Food, Beverage &amp; Tobacco Manufacturing</td>
<td>24.5</td>
</tr>
<tr>
<td>Metal Manufacturing</td>
<td>24.0</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>24.5</td>
</tr>
<tr>
<td>Electricity, Gas &amp; Water</td>
<td>24.0</td>
</tr>
<tr>
<td>Wholesale/Retail Trade</td>
<td>28.0</td>
</tr>
<tr>
<td>Transport/Storage</td>
<td>23.5</td>
</tr>
<tr>
<td>Financial Services</td>
<td>27.1</td>
</tr>
<tr>
<td>Public Administration</td>
<td>26.0</td>
</tr>
<tr>
<td>Community Services</td>
<td>24.0</td>
</tr>
<tr>
<td>Recreation &amp; Personal Services</td>
<td>27.5</td>
</tr>
<tr>
<td>All Industries</td>
<td>25.5</td>
</tr>
</tbody>
</table>

Source: ADAM Database, 1998
Note: Current agreements include all agreements which have not reached their stated nominal expiry date as at end March, 1998

### Federal AWAs

At the end of April 1998, the Office of the Employment Advocate (OEA) had received 23,305 Federal AWA applications. Of these applications, 17,697 individual AWAs have been approved and registered (covering 590 employers), and 2,602 of the AWA applications have been rejected or withdrawn. Table 1.8 outlines the developments of Federal AWAs since the beginning of 1997. It shows that there has been a rapid increase in the number of AWAs approved in 1998 compared with 1997.

### Table 1.8: Number of Federal AWAs, by Quarter, 1997 — 1998

<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><strong>Total (up to May 1998)</strong></td>
<td><strong>17,697</strong></td>
<td><strong>590</strong></td>
</tr>
</tbody>
</table>

INNOVATIVE PROVISIONS

Flexible Leave Arrangements

Leave provisions are typically aimed at achieving a more efficient and less expensive means of administering leave arrangements. Three main approaches are identified in recently registered agreements. The first approach is to introduce strategies aimed at reducing the amount of leave taken by employees, particularly the unwarranted use of sick leave and family leave, and at eliminating excessive accumulation of leave. The second approach aims to make leave entitlements more flexible for employees, and in so doing, reduce administrative costs associated with the notification and authorisation requirements for taking leave. The third approach focuses on providing employees with the option to "purchase" additional leave entitlements, to permit employees to access extended periods of leave in spite of restrictions imposed by other strategies.

Incentive Schemes

One means of avoiding a situation where employees take unwarranted sick leave merely to realise the value of their entitlements is to provide a system under which the value of entitlements is realised without unwarranted use of leave. The traditional approach has been to pay out a proportion of unused leave at the end of each year. An alternative strategy is to initiate procedures by which leave accruals continue on an ongoing basis. One such procedure is to establish an agreement with other organisations within the industry by which accrued sick leave is rendered portable throughout the industry. In industries where there is a high retention rate for employees, such a procedure creates an incentive for employees to accrue sick leave throughout their careers. The following agreement in the coal industry contains an undertaking to examine the introduction of such a scheme.

Coal Industry

"A. Sick Leave Portability

The union is in the process of examining 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.

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

Pending the establishment of this fund any untaken sick leave will be paid on termination."

Pooling of Leave

Administering leave arrangements and accruals imposes a considerable cost on the employer. It also places restrictions on what leave the employee may use for particular purposes. The consolidation of all leave entitlements (bereavement, carer's, parental, sick and annual leave) into a single form of flexible leave addresses both these issues. The employer avoids the need to administer each class of leave with respect to various authorisation and notification requirements, whilst employees gain a more flexible system of paid leave entitlements. The following security services agreement consolidates all leave provisions into a single pool. Although
all leave is paid at the same rate, annual leave loading is paid out in the salary. Employees must still comply with notice and authorisation requirements specific to the class of leave taken.

**Security Services Industry**

"Part 9 Leave

9.1 Recreation Leave

9.1.0 After the completion of each twelve (12) months service with the Company, Security Planners shall be entitled to one hundred and ninety (190) hours of Recreation leave. This leave is exclusive of Public Holidays. The Recreation Leave shall accrue on a monthly basis and employees may use the leave as it becomes available.

9.1.1 Leave shall accrue on a monthly basis and employees may use the leave as it becomes available.

9.1.2 Recreation Leave shall be given by the Company and shall be taken by Security Planners as determined by the Company. In principle, the leave should be taken at a mutually convenient time with regard for company operational requirements. For example, the Company may require employees to take Recreation Leave during ‘quiet’ periods such as Christmas / New Year.

9.1.3 For administrative purposes, Recreation Leave shall be divided into five (5) categories and Security Planners need to specify a category when applying for Recreation Leave.

The five (5) categories are as follows:

- Annual Leave
- Sick Leave
- Family Leave
- Study Leave
- Other

9.1.4 Where circumstances permit, Recreation Leave must be applied for and authorised in advance. Recreation Leave specified as Annual Leave and Study Leave must be applied for and authorised in advance.

9.1.6 Recreation Leave, specified as Sick Leave, for two (2) days or more, or for one (1) day immediately Prior to or after a Public Holiday, must be accompanied by an official Medical Certificate.

9.1.7 There will be no leave loading payable for Recreation Leave. An allowance for leave loading has been incorporated in the consolidated annual salary.

9.1.8 Recreation Leave is available to Security Planners to ensure time is taken off during the year to relax and recuperate. Therefore a maximum accumulation limit has been set to encourage employees to utilise and enjoy their Recreation Leave. The maximum accumulation of Recreation Leave at any given time is restricted to three hundred and eighty hours (380) hours. Security Planners shall be required to take Recreation Leave to reduce their leave balance on reaching this level unless special circumstances exist and written authorisation is obtained from the Human Resources Manager.

On the termination of employment, all Recreation Leave shall be paid out to the Security Planner at their Hourly Rate at that time. If the Recreation Leave balance has exceeded the maximum allowance as outlined in Clause 9.18, without written authorisation from the Human Resources Manager, the balance in excess of 380 hours, will be paid out at only 80% of the employee’s Hourly Rate at that time. The funds from the remaining 20% of the employee’s Consolidated Hourly Rate will be donated to the Company Social Club.

Recreation Leave payments will not be paid in advance but will be included as part of payments during the regular pay period."
Purchased leave

A third category of leave provisions allows the employee to "purchase" leave entitlements in excess of the entitlement expressed in the agreement. Such provisions may be particularly attractive in circumstances where annual payouts of leave restrict an employee’s ability to access leave for extended periods. The practice of purchasing leave permits an employee to spread the cost of unpaid leave over the year. The following public sector agreement provides for purchased leave.

Public Sector

“Purchased Leave

Purchased leave is where employees have planned absences of one, two, three or four weeks of unpaid leave which is funded by salary deductions spread evenly over the year. This allows employees to continue to receive pay during such leave.

3.30 From the commencement of this agreement, employees may apply for up to four weeks purchased leave in 1998 and in each calendar year thereafter. Purchased leave can only be taken in whole week blocks.

3.31 Purchased leave must be utilised in the calendar year in which it is purchased.

3.32 Purchased leave counts as service for all purposes.

3.33 Applications for purchased leave each year must be made by a date nominated by [the company].

3.34 A manager’s approval of purchased leave will be based on operational requirements.

3.35 Once a period of purchased leave has been approved, it may only be revoked by the manager where exceptional circumstances exist.

3.39 Where an employee leaves [the organisation’s] employment during a year in which purchased leave has been approved, final payment will be adjusted to take account of deductions not yet made or for deductions made and leave not taken.”

Discrimination and Harassment Policies

Agreements are increasingly seeking to include comprehensive procedures for addressing and resolving discrimination and harassment in the workplace. Past practice has been to utilise a single clause expressing a commitment to eliminate discrimination in recruitment, promotion and treatment, and to rely on relevant State and Federal discrimination legislation when addressing discrimination issues in practice. Recently, the focus in discrimination clauses has shifted from a simple statement of commitment not to discriminate on the part of the employer, to more detailed provisions relating to the process of identification and treatment of discrimination or harassment. The provision of and adherence to comprehensive procedures for addressing and eliminating discrimination at the workplace may provide a means for employers to limit their own vicarious liability for discriminatory actions. The following transport industry agreement uses internal procedures to identify, address and eliminate discrimination at the workplace.

Air Transport Industry

“4G Workplace Harassment

a) The parties acknowledge that all people have the right to work in an environment where they feel safe from any form of harassment. To this end, the parties will not condone such behaviour, or work environment that gives rise to such behaviour, and any allegations pertaining to workplace harassment will be taken seriously.
Procedures — The Resolution Phase

b) The aim of the process is to stop the unwelcome behaviour. This will be done in such a way that a just and appropriate resolution to the complaint is reached. In order to protect the rights of both the complainant and the person complained against the following principles will apply:

(i) The wishes of the complainant must be respected throughout the process and no action should be taken without their agreement. The rights of the person complained against will also be protected.

(ii) All complaints will be taken seriously and handled with absolute fairness and impartiality, with all parties having an equal opportunity to seek advice and put their case separately.

(iii) In the interests of confidentiality, the number of people involved in a complaint will be kept to the absolute minimum.

(iv) All complaints will receive attention as soon as possible (this is particularly important where the parties involved work together).

(v) Where possible, complaints will be resolved within the workplace and without recourse to formal procedure and with minimal intervention.

(vi) Only persons who have a direct role in the resolution process will have knowledge of the details of the complaint and will discuss them only with other persons who have a legitimate role in the resolution process and, only then with the complainant’s consent.

(vii) All complaints will be resolved with the emphasis on conciliation and education not punishment.

Contact Officers

c) Contact officers may be any employee or manager appointed as such either on site or at the Company headquarters.

When a person tells a contact officer of their harassment experiences, the contact officer will advise them of the range of options available and help the complainant work through the advantages and disadvantages of each. The options are:

(i) self help,

(ii) informal intervention; and

(iii) making a formal complaint.

The contact officer will keep brief notes of the discussion with the complainant, including details on what action has been agreed. These notes need to be checked with the complainant and will be kept secure and will be destroyed as soon as the matter is resolved.

In relation to a complainant, the role of the contact officer will be to act as a confidante, a provider of information and support and, an adviser and advocate.

Intervention Options

d) Self Help Option

In situations where a person believes they are being subjected to workplace harassment they are advised, where practicable, to personally approach, or write, asking the person complained against to stop the behaviour. The contact officer could assist the complainant to write a letter or accompany them when they approach the person complained against.

If asked by the complainant, the contact officer may approach the person complained against. Their role is to tell the person complained against what behaviour has caused offence and to whom and to explain what change in behaviour would resolve the complaint. The contact officer does not argue or debate the
complaint but advises the person complained against that further action may be taken.

The complainant must be encouraged to document every incident of alleged workplace harassment detailing the exact behaviour, time, place, witnesses etc. People who believe they have been sexually harassed may consult with any one of the following for confidential information advice and support:

(i) a Contact Officer from Human Resource services,

(ii) their supervisor or the supervisor of the person complained against,

(iii) Manager of their Group,

(iv) a union representative; or

(v) the Equal Opportunity Commission.

People are encouraged to give [the company] the opportunity to resolve the matter before referring it to outside organisations.

Upon receipt of a complaint, the supervisor will:

(i) ensure the complainant has agreed to each of the steps to be taken;

(ii) arrange to interview the parties involved individually (who can have someone present during this interview, eg. contact officer, confidante, union representative);

(iii) conduct the interview in private to maintain confidentiality;

(iv) caution all parties about the need for confidentiality;

(v) tell the person complained against the name of the person who has complained (anonymous complaints are unfair to the person complained against);

(vi) explain what behaviour has caused offence and ask the person complained against to respond to the allegations;

(vii) report the outcome of the meeting to the complainant;

(viii) keep notes of the interview and any other contact with the persons complained against the complainant or witnesses to ensure an accurate account of what has occurred can be provided later, if the matter is not resolved at this point. Notes need not be detailed at this informal stage;

(ix) ensure any notes are stored securely and confidentially and destroyed as soon as the matter has been satisfactorily resolved;

(x) provide support and assistance in the working environment for both parties;

(xi) protect all parties involved in the complaint from being victimised; and

(xii) take action to prevent harassment from recurring by monitoring the workplace, and if necessary, arranging awareness training for staff.

Informal Intervention Option

e) If the self help option does not stop the harassment or is not considered a suitable option for the complainant, it may be appropriate to ask someone to intervene with the person complained against on the complainants behalf. The person who is asked to intervene can be the supervisor of either party or a supervisor, senior officer or manager of the complainant's choice. With this informal intervention the person asked to intervene will not undertake a formal investigation.

Formal Complaint Option

f) The complainant may feel an informal approach would not resolve the situation, or unsuccessful attempts may have already have been made to stop the offending behaviour, and may choose to make a formal complaint.

Formal complaints of workplace harassment will be lodged in writing to the Director
Human Resources. The complainant can either personally prepare a written complaint or obtain help from a Contact Officer, or any other person they have approached for advice and assistance.

The Director Human Resources, will appoint a mediator to investigate the matter upon receiving a formal complaint. The mediator will be any person who the Director Human Resources feels has the necessary skills and ability to conciliate and carry out an unbiased investigation and make reasonable recommendations.

The role of the mediator is to establish the facts by interviewing the complainant, the person complained against, witnesses and any other relevant persons. The mediator will attempt to resolve the complaint and, if possible, bring about a reconciliation between the parties concerned.

After a full investigation, the mediator will provide a written report to the Director Human Resources giving conditions of any negotiated resolutions. Where a complaint has not been resolved, the mediator will make a recommendation to the Director Human Resources regarding the matter.

The Director Human Resources will then proceed with the matter to its final conclusion."

**Dual Work Streams**

Typically, enterprise agreements provide for non-shift employees to work under a unitary system of work arrangements, with the same start and finish times, loadings and ordinary hours applicable to all employees. Under such a system, the employer faces a dilemma if it wishes to alter work arrangements. For example, an employer who wishes to introduce production on a Saturday, when employees have in the past worked weekdays only, is forced either to pay Saturday workers penalty or overtime rates, or to negotiate an increased weekly wage for all employees in lieu of Saturday loading. In practice, employers in this situation have often chosen to rely on casual employees for weekend or after hour rosters, rather than bear the costs associated with negotiating arrangements for Saturday work. The following agreement in the hospitality industry has chosen instead to utilise two work streams at the workplace, to allow the enterprise to adopt more flexible work arrangements, without having to compensate all employees for the innovation. Employees in one stream retain the existing terms and conditions of work. Employees who elect to join the second stream agree to work an extended roster, in return for a higher wage or salary containing a payment in lieu of overtime or weekend loading. The advantage of such dual stream arrangements for employers is that the higher wages paid for introducing longer shifts or weekend rosters flow only to those employees who undertake to work increased hours. This mitigates to some extent the cost of changing work practices. An example of this system is illustrated in the following hospitality industry agreement which provides a stream of employees an increment on ordinary wages in exchange for working more flexible hours.

**Hospitality Industry**

"Clause 16 Wages"

It is the nature of this Hotel to operate 7 days per week. In view of this the parties have agreed on wage rates that apply regardless of the time or day of the week worked. Employees will be rostered on an equitable basis to ensure that no employee is disadvantaged.

The agreement contains wage rates for employees categorised as Group A and Group B. The Group A employees are those employees who will be rostered throughout the year to work ordinary hours over seven (7) days including some public holidays. Group B employees will be rostered to work from
Monday to Friday, between 6.00 am and 6.00 pm. In unusual circumstances, where Group B employees are rostered to work ordinary hours on a weekend they will be paid at the rate of 150% of the normal hourly rate, irrespective of whether the work is performed on a Saturday or a Sunday.

No Group A employees, employed prior to the Date of Operation of this Agreement are to suffer any loss, specifically as a result of the decrease to the loaded Group A rate from a 17% loading to a 13% loading.

No Group B employees, employed prior to the Date of Operation of this Agreement are to suffer any loss, specifically in relation to the origin of the Saturday and Sunday penalties, from the previous 125% and 175% respectively to the new Agreement's penalty of 150%, as a result of the making of this new Agreement.

Group B employees, employed after the Date of Operation of this Agreement will commence employment on the new 150% penalty for any work performed on either a Saturday or a Sunday.

Employees shall be informed of their category at the time of engagement.

The Minimum rates of pay for adults shall be the following:

(2) Wages Schedule

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>Group A ($ per hour)</th>
<th>Group B ($ per hour)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>10.6874</td>
<td>9.4579</td>
</tr>
<tr>
<td>Grade 1</td>
<td>11.1840</td>
<td>9.8974</td>
</tr>
<tr>
<td>Grade 2</td>
<td>11.9304</td>
<td>10.5579</td>
</tr>
<tr>
<td>Grade 3</td>
<td>12.4746</td>
<td>11.0395</td>
</tr>
<tr>
<td>Grade 4</td>
<td>13.4172</td>
<td>11.8737</td>
</tr>
<tr>
<td>Grade 5</td>
<td>14.7296</td>
<td>13.0351</td>
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<tr>
<td>Grade 6</td>
<td>15.3890</td>
<td>13.6186</td>
</tr>
</tbody>
</table>
Maintenance of Award Conditions

With the process of stripping of awards to 20 allowable matters currently underway, some agreements contain clauses which seek to maintain non-allowable award conditions. Such provisions commonly relate to RDOs, trade union training matters, seniority and work practices. The following agreement is one of several in the construction and related industries which "freeze" certain award conditions in force at the commencement of the agreement.

Plumbing Industry

"Relationship between this Agreement and the Award

6.1 The parties are bound by the Sprinkler Pipe Fitters Award 1975 ('the Award'). This Award, as it stood at 1 March 1996 is incorporated into this Agreement and a reference to the Award is a reference to the Award as it stood at that date. Award variations, except award restructuring as provided in clause 10.1, will not apply during the life of this agreement.

6.2 The terms and conditions of employment of the employees shall be governed by this Agreement and the Award as it stood at 1 March 1996. Provided that the terms of this Agreement shall prevail over the terms of the Award to the extent of any express inconsistency.

11. Non-Award Conditions

11.1 The employer will continue to provide the following non-award industry standards:

(a) The Building Unions Superannuation Scheme at not less than $40 pw. paid and varied as specified in Appendix 2.

(b) Long Service Leave in accordance with the relevant State Construction Industry Long Service Leave Act.

(c) Those matters specified in Appendix 2. — Specific Provisions.

Appendix 2

Matters retained as per Award/ industry practice include:

- Seniority
- RDO's
- Work Practices
- Demarcations"

Performance Indicators

Performance indicators have traditionally been used as a means of linking wages rises or other remuneration outcomes to productivity or to financial indicators. They have been used most widely in processing and manufacturing industries, mining and primary production and other industry sectors in which productivity can easily be quantified. Recently, performance indicators have been adapted to industries in which productivity cannot easily be measured or quantified. Performance-related pay increases provide the same advantages in service industries as in primary and secondary industries, if implemented effectively. They link wage rises to specific enterprise outcomes, and in doing so create an incentive for employees to ameliorate outcomes to augment wage rises available under the agreement. The following public sector agreement sets out both qualitative and quantitative performance indicators relevant to the enterprise.
Public Sector

"11.4 Quality Customer Service Performance Indicators:

<table>
<thead>
<tr>
<th>Business Indicators</th>
<th>1997 Actual</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absenteeism Data</td>
<td>3.9% or 9 days lost due to absences at the beginning of 1996/7</td>
<td>Aiming to work towards 2.6% or 6 days lost due absences 1997/8</td>
</tr>
</tbody>
</table>
| Grant applications, timelines for processing grant applications | ● same day or next — 34.5%  
● within 5 days — 70%  
● within 10 days — 79%  
● within 15 days — 83%  | ● same day or next — 50%  
● within 5 days — 75%  
● within 10 days — 85%  
● within 15 days — 95%  |
| Practice Management Standards Indicators                 |                                                                            | ● National Legal Aid professional practice standards reviewed and adopted through workplace |
| Implementation of integrated financial management system: | ● Implementation of Finance One                                           | ● Performance standards developed for limited private practitioner panels adopted in workplace |
| • accounts certified within 30 days of receipt  
• proportion of accounts outstanding over 60 days        | Professional: 49%  
Trade: 78%  
17%  
9%  | Professional: 78%  
Trade: 80%  
13%  
4%  |

Determinants of Wage Rises

Benchmarking

It is becoming increasingly common for agreements covering "specialised" groups of employees to rely on industry benchmarking to determine salary increases over the period of the agreement. The standard procedure for determining industry remuneration standards for review involves the formation of a joint committee, representing union, employees and the employer, to examine wage increases. Consideration is based on an analysis of movements across the industry or in agreements of a comparable nature. Various resources are committed to the collection of the relevant data, ranging from the use of consultants to prepare recommendations on the basis of industry data, to data compiled by the union. These provisions are found in the construction industries and technical occupations in chemical and processing industries.

Mining Industry

"8 Remuneration Adjustments

The Company will remunerate its employees in a way that is in line with other large companies in Australia in the expectation that employees maintain the [organisation's] cost structure and operational performance at competitive levels. To achieve this result the remuneration packages, including working conditions, and the ROCE performance of selected companies will be evaluated annually and an equitable balance between employee rewards and shareholder returns determined.
In order to arrive at annual adjustments required by the above philosophy a Remuneration Review Team will be formed comprising both company and operations employee representatives. The primary responsibility of this team is to determine the annual adjustments to the remuneration package of employees covered by this Agreement. The Remuneration Review Team will adopt the following salary review process to develop its recommendations:

8.1 Gather information covering the following areas:

- the general state of the Australian economy and business environment
- the [organisation's] financial and operational performance
- recent wage movements and remuneration packages at other [nominated workplaces]. The relevance of this survey group will be reviewed as agreed.
- the impact of organisational improvement outcomes as reflected in the refinery's financial and operational performance
- any innovative remuneration concepts from refinery employees

8.2 Review and analyse the information and identify areas where adjustments may be needed to improve the competitiveness of the existing remuneration package.

8.3 Develop conceptual initiatives that will accomplish the competitive adjustments required.

8.4 Evaluate the initiatives to determine the most cost effective way of maximizing real value to employees.

8.5 Produce a wage and benefits proposal document describing each initiative and how they meet the needs of employees and the business.

8.6 Gain understanding and acceptance by employees and management of the proposal. When agreed and approved then the document would become an annexure to this Agreement.

8.7 Oversee implementation of the proposal and review success.

Any remuneration adjustments and approved through the above annual process will become effective on January 1 of the relevant year:"

**Link to Organisation's Wages Bill**

An alternative means of determining wage rises with reference to productivity is to review wage rates against the savings in the overall wage bill. Reductions in the use of casuals, sick days and overtime costs are reflected in overall wages, and these savings are then passed on to employees. This presents an alternative to performance indicators in industries where these may not be appropriate, but where labour costs represent a high proportion of variable costs. The following agreement in the transport industry passes on savings in specified costs to employees, subject to the approval of the Consultative Committee.

**Transport Industry**

"14. PRODUCTIVITY BONUS

The parties have identified that productivity gains can be made by reducing the incidence of:

- Sick leave absenteeism
- Days lost attributed to workcover claims
- Overtime and meal allowance costs
- The use of casual labour

As the labour content of the [company] operation materially changed in January 1998,
no historical data is available on which to justify a productivity bonus.

For the first six (6) months after signing of the Agreement, the Company will maintain wage cost records... This information will be made available to the Consultative Committee on a monthly basis and shall be the base cost for the first review.

The first review shall cover the months April 1998 to September 1998. If the total wage cost has decreased by 1% or more from the base cost, then wage rates will be increased by 1%.

For the second and third reviews, if the total wage cost decreases by 1% or more over the previous six month period, wage rates shall be increased by 1%.

Pro-rata adjustments shall be made for any increase or decrease in employee numbers and the figure shall be agreed with the Consultative Committee.

If the 1% saving is not achieved, no bonus is payable.

If savings greater than 1% of the payroll is achieved, then the excess will remain in the account and can be counted towards achieving the next 1% to the wage rates.

At the end of the three review periods, if there is any excess savings above 3%, the excess will be paid as a lump sum bonus payment distributed between the Company and the employees on the payroll at that time.

A copy of the weekly productivity calculation shall be provided to the members of the consultative committee.”

Productivity Bonus Review

<table>
<thead>
<tr>
<th>Review Period</th>
<th>Minimum Target</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 98—September 98</td>
<td>1% of gross payroll</td>
<td>1% added to base wage rate</td>
</tr>
<tr>
<td>October 98—November 99</td>
<td>1% of gross payroll</td>
<td>1% added to base wage rate</td>
</tr>
<tr>
<td>April 99—September 99</td>
<td>1% of gross payroll</td>
<td>1% added to base wage rate</td>
</tr>
</tbody>
</table>

The ADAM Database currently has information on 4683 registered enterprise agreements from the Federal, New South Wales, Queensland, South Australian and Western Australian jurisdictions.
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Report written by Betty Aroskova, Ron Callus, Ashwin Field and James Judge at ACIRRT. Coding and entry by Sturt Carter, Ashwin Field, Bashi Kumar, Lisa McKinnon and Gabrielle Wynhausen.

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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.

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