Executive Summary

Part 1.
Features of Enterprise Agreements

Part 2.
Critical Issues in Agreements

Part 3.
Enterprise Flexibility Agreements

ADAM Services
Executive

Part I: Key features and trends in Enterprise Agreements

The Spread of Agreements
Growth in the number of registered agreements has been modest. In the Federal and NSW jurisdictions the number of agreements have only risen by 1 per cent since August. The spread of registered non-union agreements has been particularly slow.

Wage increases
The average annual wage increase for all agreements registered in 1995 is 4.8 per cent. For agreements registered between June and November it is 4.9 per cent.

Average annual wage increases in enterprise agreements rose from 3.4 per cent in 1992 to 4.8 per cent in 1995. Most of this increase occurred between 1992 and 1993. Differences in average annual wage increases have varied over time between industries. Construction and Mining have consistently had the highest wage settlements and the private services sector the lowest. The differences between them have, however, fallen in the last 12 months.

Duration of agreements
The duration of agreements is steadily increasing. Agreements registered this year have an average duration of 20 months. Industries with the longest duration agreements are Mining, Construction and Recreation Services which run, on average, for 24 months.

Part II: Making Sense of Enterprise Agreements: Critical Issues

Recent research and analysis of enterprise agreements in Australia reveals that:

- managers and not agreements are driving workplace change
- registered agreements cover only a minority of the workforce
- many agreements are not registered
- most agreements are settled between head office managers and full-time union officials with little involvement from workplace managers and union delegates
- the range of issues included in registered agreements is narrowing
- few agreements contain clauses that extend beyond traditional industrial relations issues.
Summary

The key implications arising from these findings are:

- too much should not be expected of agreements. Agreement work best in the context of other initiatives
- greater support needs to given to the parties at workplace level to increase their involvement in the bargaining process. Industry level framework agreements can facilitate increased levels of negotiation at the worksite level
- the growing interest in individual contracts may be misplaced. Unless more attention is devoted to promoting a better balance between co-ordination and flexibility fragmentation in the labour market will grow.

Part III: Enterprise Flexibility Agreements (EFAs): Non-union agreements in the Federal jurisdiction

As of November the AIRC had approved 113 EFAs. The overwhelming majority of these are located in manufacturing, finance and community services. EFAs do not appear to be changing many substantive conditions of employment. Rather, they appear to be ‘individualising’ the wage determination process. Indeed, it appears that EFA’s are laying the basis for more individually determined conditions of employment and wages.
ADAM Report 7 is based on 1520 registered enterprise agreements from the Federal, New South Wales, Queensland and Western Australian jurisdictions. This sample represents approximately 20% of registered enterprise agreements from these jurisdictions.

**Spread of agreements**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Number of agreements*</th>
<th>% of employees in jurisdiction covered**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>5130</td>
<td>58</td>
</tr>
<tr>
<td>NSW</td>
<td>1570</td>
<td>29</td>
</tr>
<tr>
<td>Victoria</td>
<td>457</td>
<td>n.a</td>
</tr>
<tr>
<td>Queensland</td>
<td>667</td>
<td>30</td>
</tr>
<tr>
<td>South Australia</td>
<td>255</td>
<td>22</td>
</tr>
<tr>
<td>Western Australia</td>
<td>583</td>
<td>15</td>
</tr>
<tr>
<td>Tasmania</td>
<td>705</td>
<td>5</td>
</tr>
</tbody>
</table>

* Source: Relevant Department or Agency
* These are collective union and non-union agreements only
** This figure represents the proportion of employees covered by agreements who are eligible to be covered by awards in each jurisdiction.

The Western Australian jurisdiction has recorded the biggest growth in the number of award employees covered by enterprise agreements. In ADAM Report 6 we reported that 8% of employees in that jurisdiction were covered by enterprise agreements, this has risen to 15%. In other jurisdictions the number of award employees covered by enterprise agreements is not rising rapidly. In fact the number of employees covered by Federal and New South Wales agreements has only risen by 1% since May 1995. The number of agreements registered in the South Australian jurisdiction appears to have risen rapidly since ADAM 6, however, the figures reported here represent employees covered by agreements registered under both the present and previous Industrial Relations legislation in that State.

**Non-Union Agreements**

As reported in the ADAM Report 6 the spread of non-union enterprise agreements is increasing at a modest rate. As at mid November the Federal the Industrial Relations Commission had received 206 applications and approved 113 enterprise flexibility agreements. In the New South Wales jurisdiction 35% of enterprise agreements were non-union at the end of August 1995. Queensland non-union agreements have increased slowly since ADAM Report 6 from 8 to 13 at the end of October 1995.
Wage Increases - Developments in 1995

- The average annual wage increase for all enterprise agreements registered in 1995 is 4.8%.
- For the six month period June to November 1995 the average annual wage increase was 4.9%.

Industry Trends in Wage Increases, 1992-1995

Figure 1 plots trends in average annual wage increases in enterprise agreements registered between 1992 and 1995. Movements in wages were more dramatic between 1992 and 1993 (3.3% to 4.3%) than between 1993 to 1995 (4.3% to 4.8%).

In 1993 the differences in average wage increases between industries was 1.5%. This grew to 2.1% in 1994 and has decreased in 1995 to 1.5%. Although there is now a higher average annual wage increase overall.

Figure 1

Average Annual Wage Increase in Enterprise Agreements by Year of Registration by Industry Group

Source: ADAM November 1995

Construction and Mining agreements have consistently contained the highest average annual wage increases over the 1993 to 1995 period. This peaked in 1994 and have fell slightly in 1995 to 5.7%. Public Service agreements had the
lowest average annual increases in 1992. By 1995 Public Service agreement wage increases had steadily increased so that they had surpassed the average annual wage increase for all industries. Similarly Manufacturing industry agreements have reported a steady increase in wage increases since 1992. Private Services enterprise agreements also contained below average annual wage increases in 1992. However, unlike Public Service agreements Private Service agreement average annual wage increases fell further below the all industry average in 1994 to a low of 3.6%. In 1995 Private Service agreement wage increases have risen towards the all industry average. By 1995 these agreements still contained the lowest average annual wage increase when compared to other industries studied.

The net result of these movements has been a convergence of the average annual wage increase in 1995 of 4.8%.

Jurisdiction

There are large differences in the average annual wage increases that employees covered by enterprise agreements receive in the different jurisdictions. The highest average annual wage increase is 5.7% from the Western Australia jurisdiction. The New South Wales and Queensland jurisdictions both reported average annual wage increases of 4.7% and the Federal jurisdiction had the lowest average annual wage increase of 4.0%. The higher average annual wage increase in WA agreements is, in part, explained by the higher proportion of Construction agreements in that jurisdiction. There is no information available on the wage increases provided for in individual contracts in WA.

Duration of Agreements

The average duration of agreements on the ADAM database is 18 months. When agreements are examined by their year of registration it would appear that they are slowly increasing in duration. 1995 agreements had an average duration of 20 months compared to 1992 agreements which had an average duration of 17 months. The industries with the longest duration in 1995 agreements were Mining and Construction (24 months) and Recreational Services (24 months). Public Administration agreements had the shortest average duration of 1995 agreements (15 months).

Recent Interesting Clauses

Family Friendly Provisions

Enterprise agreements with these provisions tend to contain three types of family leave clauses which address the following issues:

- Whether the leave is paid or unpaid
- The number of days that may be taken as family leave
- Whether the entitlement comes out of the employee’s annual sick leave entitlement or is additional to it.

A Recreation Services agreement is an example of family leave that is provided on the basis of emergencies in the employees immediate family. This leave is unpaid and may be taken at short notice.

*The company will grant paid leave where employees are unable to attend*
work because of family emergencies. Such emergencies will include the illness of a child, spouse or partner, same sex partner, elderly parent, absence of the child's carer or the closure of a child's school, in situations where the employee is unable to make other arrangements at short notice.

A Communications sector agreement allows employees to take family leave as a part of their annual sick leave entitlement.

The company agrees to the employee using three of his or her sick leave entitlement each sick leave year without the production of a medical certificate to use in the event of the illness of a child, partner or other dependant. This leave will not accrue annually.'

A Community Services sector agreement provides family leave additional to sick leave entitlements at the enterprise.

Special Family Leave

An employee shall be entitled to special family, leave to care for a member of his or her immediate family who is ill or otherwise incapacitated.

Such leave shall be unpaid and shall be for no more than 5 days per annum, per employee.
Such leave shall not be cumulative from year to year.
No greater period of leave shall be available where the employee is responsible for more than one child.

Such leave will be in addition to the employee's existing paid sick leave, holiday leave and other entitlements, paid or unpaid.

Paid maternity leave provisions are slowly becoming feature of many enterprise agreements. A recent Insurance enterprise agreements however, extends the rights to paid leave to care for a new child to fathers where they are the primary carer. This agreement provides for 6 weeks paid paternity leave for fathers as well as attempting to make the transition back to work easier for new parents.

'[The Company] will pay 6 weeks paid parental leave from the date of the agreement to employees who are the primary care giver and who have a minimum of 12 months continuous service with [The Company].
Employees who are on parental leave at the date of the agreement will receive this payment. This will be paid as normal fortnightly salary.

Employees who take parental leave will be kept informed by their managers of developments in both their work area and in the wider [The Company]. This can involve the provision of newsletters as well as periodic telephone contact to pass on any news or changes to staffing or work practices. Employees will be encouraged to participate, where appropriate in team meetings, training courses and other suitable activities in order to ensure their effective reintegration into the organisation when their period of leave ends.

Where it is practical for [The Company] and the employees, employees may be employed during the period of their parental leave for short block work preferably on a part-time basis.
Employees returning from parental leave will receive an induction briefing on latest developments in the workplace.

[The Company] supports the decision by women to continue to breast feed babies after their return to work. FSU and [The Company] will reach an agreement regarding the provision of appropriate facilities. Until such time as an agreement is reached, HRM's will assist in the provision of suitable facilities for lactating mothers.

A Finance sector agreement addresses the issue of employees balancing work and family responsibilities by recognising that for some workers overtime incurs the additional cost of childcare and the inconvenience this causes to working parents.

'The parties recognise that for some staff with parenting responsibilities, particularly those utilising child care, the requirement to work overtime at short notice may give rise to additional child care costs. While the Bank would normally have regard to childcare responsibilities in relation to scheduling staff for outside normal hours, work requirements do not always permit such flexibility.

Accordingly the parties agree... that where staff are required to work overtime with less than 24 hours notice the Bank will bear additional childcare costs incurred by the staff member involved.'

**Alternative Payment Systems**

**Bi Annual Profit Sharing**

The following agreement from the Wholesale sector is interesting because it bases an employees share of the profit on both their length of service with the company and the grade that they work at. Interestingly those employed at lower levels on the company receive a greater weighting for profit sharing than those working on higher grades at the company.

The company shall distribute 10 per cent of pre profit tax amongst all eligible employees of the company on the following basis:

- The profit does not include liquidated stock or work in progress.
- The only staff eligible will be staff classified as full time employees.
- Traditional Christmas bonus will cease in lieu of the February Profit Share Payment.

Calculation of the profit share for each eligible employee will be based on the following formulae:

- There is a weighting for the length of service and there is a weighting for the grade and level of current service.

The weighting for grade is:

- Grade 9-10 = 1
- Grade 7-8 = 1.1
- Grade 5-6 = 1.2
- Grade 3-4 = 1.3
- Grade 1-2 = 1.4
The weighting for years of service is:
1 year = 1
2 years = 2
3 years = 3
4 year = 4
5 or more = 5

The formula can be summarised as follows
IPS = Total Profit x 10 per cent x M/Tm
Where IPS = Individual Profit Share
Where M = Total Profit Shares attributed to individual based on years of service and grade weighting
Tm = Total number of Profit Shares attributed to all employees.

Rates of Pay Based on Years of Service
An agreement in the Publishing industry contains an interesting way to award wage increase at the firm. Whilst all employees receive the national wage case wage increase, employees who have longer terms of service at the company also receive an additional component to their wage increase directly related to their number of years with the company.

All employees shall receive an increase on their actual rate of pay as at 28 February 1995 in accordance with the schedule listed hereunder. The company will reward all employees according to their skill acquired during their years of service to the company.

<table>
<thead>
<tr>
<th>Category</th>
<th>Years of Service</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than one year</td>
<td>National Wage Case</td>
</tr>
<tr>
<td>2</td>
<td>One to three years</td>
<td>1.5% plus National Wage Case</td>
</tr>
<tr>
<td>3</td>
<td>Three to Five Years</td>
<td>2.5% plus National Wage Case</td>
</tr>
<tr>
<td>4</td>
<td>Five to ten year</td>
<td>3.25% plus National Wage Case</td>
</tr>
<tr>
<td>5</td>
<td>Ten years or more</td>
<td>4.0% plus National Wage Case</td>
</tr>
</tbody>
</table>

Gainsharing
Gainsharing is a feature of only 3% of agreements. A Manufacturing industry agreement has introduced a gainsharing system that is based on the number of hours charged to jobs.
To compete in a difficult trading environment we must continuously improve our methods and procedures to maximise the hours that are sold. A simple measure is the % of hours charged to jobs.
If the cumulative direct hours sold for the financial year increases to 68% than a further 0.5% pay increase will be implemented.
Should the cumulative percentage of direct hours sold for the first half of the financial year reach the level of 70% than an additional 0.5% pay increase will be implemented.
No gainsharing increase will be paid should the Gross Profit Margin (GPM) fall below 52%.
Once continuous improvement methods are well understood and in place it is envisaged that a more comprehensive gainsharing system will be introduced.
Part 2

Critical Issues in

This part of the ADAM Report identifies the critical issues relating to enterprise agreements.

Managers, not agreements driving workplace change

The nature and dynamics of workplace industrial relations and restructuring have been examined in three major surveys undertaken since 1989. These have consistently shown that the vast majority of workplaces have introduced significant change in the year prior to the survey. The changes have had a significant impact on the workforce. They typically include: the introduction of major new technology, new payment systems, changes to work practices and hours and major restructuring of management.

Each of the surveys has revealed that most changes of this nature occur independently of enterprise bargaining. In addition, many enterprise agreements reflect changes that have already occurred rather than provide the basis of planning the restructuring or change process.

Registered agreements only cover a minority of the workforce

Table 1 shows that around two-thirds of the workforce relies either on awards (35 per cent) or individual contracts (30 per cent) as their prime basis for determining pay.

Table 1: Regulating Wages and Employment Conditions

<table>
<thead>
<tr>
<th>Form of Labour Market Regulation</th>
<th>Percentage of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awards only</td>
<td>35</td>
</tr>
<tr>
<td>Awards and Registered Agreements</td>
<td>30</td>
</tr>
<tr>
<td>Registered Agreements only</td>
<td>5</td>
</tr>
<tr>
<td>Individual Contracts</td>
<td>30</td>
</tr>
</tbody>
</table>


Moreover, it is also important to remember that agreements do not generally replace awards. Consequently, even in the registered agreements sector awards continue to play a vital role in regulating conditions at work.

Many agreements are not registered

Even though most attention continues to be devoted to registered enterprise agreements it is important to recognise that many collective agreements are never formally registered. The latest figures suggest that over 20% of workplaces in the Mining/Construction, Recreation and Non-Metal Manufacturing industries have some form of unregistered agreement between management and their employees or unions in place. Those industries least likely to such agreements are Public Utilities (5%), Wholesale and Retail Trade (9%), Transport and Storage (7%) and Finance and Property (4%).
Agreements

What all this means is that in 1995 we have a more complex system of industrial regulation than ever before, with employees being covered by either awards, enterprise agreements, awards and enterprise agreements and all of these and unregistered agreements.

Head Offices: the new centre of our industrial relations system?

Many commentators have supported greater decentralisation and deregulation of our industrial relations system to increase the ability of local managers and workers to influence their own employment conditions. Survey evidence released this year reveals that we are seeing neither ‘workplace’ nor ‘pattern’ bargaining. Instead the key feature of the negotiation process has been the emergence of formal single employer, multi-site bargaining between senior management and full-time union officials. For the most part it is senior head office managers who are initiating and bargaining agreements. This trend is also far stronger than any current ‘pattern bargaining’ campaigns by unions.

The extent of this ‘centralisation’ of bargaining in the enterprise is clearly evident in Table 2.

Table 2: Parties who initiated or participated in negotiations, percentage of Post 1994 certified agreement workplaces

<table>
<thead>
<tr>
<th>Party</th>
<th>Initiated Negotiations</th>
<th>Participated in Negotiations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Association</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Manager Beyond Workplace</td>
<td>49</td>
<td>77</td>
</tr>
<tr>
<td>Manager at Workplace</td>
<td>11</td>
<td>23</td>
</tr>
<tr>
<td>Labor Council / ACTU Official</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Full Time Union Official</td>
<td>37</td>
<td>78</td>
</tr>
<tr>
<td>Union Delegate</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>Workplace Consultative Committee</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>Employees without Union Involvement</td>
<td>2</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: DIR 1995, p. 66 WBS94

This table reveals that formal bargaining is most likely to be initiated by a senior manager beyond the workplace (49% in post 1994 agreement workplaces). They are also the most likely to be involved in negotiations (77%) along with full time union officials (78%). Workplace managers and local union delegates and employees are least likely to be involved in bargaining.
The extent of the ‘recentralisation’ of industrial relations varies between industries. Multi-site bargaining appears to be more common in the public sector (Government Administration and Community Services), Financial and Business Services, Utilities and Communication and Wholesale and Retail Trade. Single-site agreements are most common in Mining and Construction, Manufacturing, Transport and Storage, and Recreational and Personal Services. It is ironic that actual decentralisation of bargaining appears to be greatest in industries which have been traditional union strongholds such as coal mining, building, transport and metal and engineering.

**Flexible working time and the narrowing of the bargaining agenda**

The shift to enterprise bargaining has been supported by governments, employers associations, the ACTU and industrial tribunals to promote a wide range of reforms at workplace level to enhance enterprise performance. The evidence from agreements registered this year, however, is that if anything the bargaining agenda has narrowed. Issues such as performance indicators have declined as matters covered in agreements registered since the second half of last year. Instead more agreement are dealing with a relatively narrow range of issues such as hours and working time arrangements. Details on the decline of the ‘Broad’ and the ascendancy of the ‘Narrow Approach’ were provided in ADAM Report 6.

Further evidence of the narrowing of the agenda is provided by considering issues that, while attracting much interest, are rarely, included in agreements. Table 3 gives a sample of these issues.

**Table 3 Some issues rarely included in enterprise agreements**

<table>
<thead>
<tr>
<th>Issue</th>
<th>% of Agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Pay</td>
<td>9</td>
</tr>
<tr>
<td>Annualised Salary</td>
<td>9</td>
</tr>
<tr>
<td>Family Leave</td>
<td>5</td>
</tr>
<tr>
<td>EEO</td>
<td>5</td>
</tr>
<tr>
<td>Gainsharing</td>
<td>3</td>
</tr>
<tr>
<td>Language Training</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: ADAM, November 1995

This table clearly shows that very few agreements deal with diverse issues such as annualisation of salaries, language training and EEO matters.

**Conclusion: Keeping agreements in perspective**

When thinking about agreements it is important to remember:
- managers not agreements are driving most of the restructuring
- registered agreements only cover about one worker in three
- most agreements are settled centrally at head office between senior cor-
porate managers and full-time union officials with little input from workplace managers and union delegates
- the range of issues included in enterprise agreements is gradually narrowing
- few agreements contain clauses that extend beyond traditional industrial issues.

These findings have important implications for practitioners and policy makers.

First, it is essential that more realism informs the debate on registered agreements. Currently too much is expected of them. Agreements are best seen as complements rather than drivers of change at the workplace. Similarly they are complements rather than substitutes for awards. This is a perfectly rational response by the parties to agreements. Most lack the time, resources and need, to significantly vary their awards. Greater recognition that agreements work best in the context of other initiatives and structures at the workplace would result in more reasonable expectations and better informed enterprise bargaining policy and practice.

Second, it is essential that greater support is given to the parties involved in decentralised bargaining. It was widely assumed that greater decentralisation and deregulation of the industrial relations system would result in a higher level of involvement amongst managers, unions and employees at workplace level in determining pay and conditions matters. Instead, it appears that bargaining is being 'recentralised' within the enterprise at head office level. Ironically, experience overseas reveals that industry level framework agreements can facilitate increased levels of negotiation at worksite level. If there is genuine interest in raising the involvement of a wider range of parties in the industrial relations system it important that consideration is given to supporting the development of facilitative framework agreements settled on multi-employer basis that promote such outcomes.

Third, the growing interest in individual contracts may be misplaced. Developments overseas point to the importance of balancing the needs for flexibility at workplace and enterprise level with the benefits of co-ordination and maintaining key standards on a multi-employer basis. As noted in ADAM Report 3, Australia, with its unique blend of awards and agreements, appears to be pioneering new ways of establishing "co-ordinated flexibility." This novel development should be nurtured. Unless greater attention is paid to promoting a better balance between co-ordination and flexibility fragmentation in labour market will grow significantly. This may create major inefficiencies and inequalities of a kind currently found in the UK and US labour markets.

5 For details of the major problems currently besetting the US labour market see L Michels and J. Burnstein, The State of Working America 1994-95, ME Sharpe, New York, 1994. For the UK see R. Dickens, "Wage Councils: Was there a case for their abolition?", British Journal of Industrial Relations, Vol 13, No. 4, Dec 1993, pp 515-529
Part 3

Enterprise Flexi

The Industrial Relations Reform Act 1993 began operating in March 1994. One of the more controversial aspects of the Act was the introduction of non-union Enterprise Flexibility Agreements (EFAs). These sought to increase the spread of enterprise bargaining into non-union workplaces.

The process for gaining approval of an EFA is set out in the Act. Under these provisions an employer is required to take reasonable steps in informing and explaining to employees the terms of the EFA and its possible effects. In addition, the employer must secure the genuine agreement of a majority of employees at the time of application.

Under some circumstances unions are entitled to be involved in EFAs:

- A union may be authorised by employees who are members to bargain on their behalf.
- Where a union has members in an enterprise seeking an EFA it must be notified of negotiations as soon as possible and given the opportunity to participate in the negotiations.
- If a union is party to an award that covers an enterprise seeking an EFA but has no members at the enterprise concerned, the union is entitled to be heard at the proceedings pertaining to the EFA. In this case the union has no right to be involved in negotiations.

Once lodged for approval, the Commission must be satisfied that the proper procedures were followed regarding information, consultation and approval. Under the terms of the Act the Commission must identify groups of employees who may be effected by the agreement (for instance, women, NESB workers and young people) and ensure that these employees were consulted and the impact of the agreement explained to them.

Lastly, the Commission must be satisfied that the EFA does not "disadvantage" or "discriminate" employees and the EFA is not contrary to the "public interest". If these tests and other procedural and substantive requirements are met, then the EFA is approved and has the same legal status as an award.

The Spread of Enterprise Flexibility Agreements

The majority of EFAs (56%) are located in Manufacturing industry. There are proportionately fewer EFAs in Transport, Storage and Government Administration compared to certified agreements in these industries. Finance and Community Services, in contrast, have a much higher proportion of EFAs than certified agreements. These industries are characterised by low levels of unionisation, smaller workplaces and tend to have a high proportion of female employees. These industry differences are summarised in Table 1.

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bility Agreements

Table 1: Spread of Enterprise Flexibility Agreements by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>% of Federally Registered Agreements</th>
<th>% of Enterprise Flexibility Agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=3560</td>
<td>n=109</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>50</td>
<td>56</td>
</tr>
<tr>
<td>Transport/Storage</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>Government Administration</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Finance Services</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>Community Services</td>
<td>2</td>
<td>10</td>
</tr>
</tbody>
</table>


Non-Union bargaining in the Federal Jurisdiction

In making sense of EFA's it is useful to compare their contents with Federally registered certified agreements. Table 2 compares key issues between union and non-union agreements in the Federal jurisdiction.

This table indicates that Non-Union bargaining in the Federal jurisdiction is not altering substantive conditions of employment to any greater extent than is occurring in unionised agreements. There are however major changes to procedures in the way wages are set.

Hours of Work

ADAM Report 6 noted that changes to working time arrangements are amongst the most common issues being addressed in enterprise agreements. Such changes are seen as an indicator of management’s desire to introduce more flexibility into the workplace. A comparison of enterprise flexibility agreements and certified agreements reveals that EFAs are not being used as a tool to increase workplace flexibility to the same extent as Certified agreements. Five per cent of EFAs compared to 10% of certified agreements contained provisions to increase the flexibility of overtime payments. This includes the payments of overtime at single rates, time off in lieu of overtime at ordinary rates or including overtime rates into the base wage. Certified agreements were also more likely to average hours of work over a period than EFAs. There was no difference in employer discretion to vary hours of work between EFAs and certified agreements.

Wages/Payments Systems

Table 2 also shows that there is little difference in the level of annual wage increases in different kinds of agreements. The average annual wage increases in EFAs is 3.8% compared to 3.9% for certified agreements. There are, however, significant differences in the systems used for determining wage increases. Nearly a quarter (23%) of EFAs completely replace the award, while only 7% of certified agreements do so. In addition EFAs are more likely to use individu-
# Table 2: Hours of Work and Wages Provision in EFAs

<table>
<thead>
<tr>
<th>Provision</th>
<th>EFAs % (n=75)</th>
<th>Federal Certified Agreements % (n=627)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreement Claims to Replace Award</td>
<td>23</td>
<td>7</td>
</tr>
</tbody>
</table>

### Hours

<table>
<thead>
<tr>
<th>Provision</th>
<th>EFAs % (n=75)</th>
<th>Federal Certified Agreements % (n=627)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexibility in Overtime Payments</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Employer Has Discretion to Vary Hours of Work</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Hours Averaged Over a Period</td>
<td>5</td>
<td>9</td>
</tr>
</tbody>
</table>

### Wages

<table>
<thead>
<tr>
<th>Provision</th>
<th>EFAs % (n=75)</th>
<th>Federal Certified Agreements % (n=627)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Annual Wage Increase</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Wages Annualised</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Gainsharing</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Merit/Performance Pay</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>Salary Packaging</td>
<td>11</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: ADAM, November 1995

alised remuneration systems to reward employees with wage increases. For example Table 2 shows that 17% of EFAs use merit or performance based payment systems compared to 10% of certified agreements. Similarly salary packaging is a provision in a higher proportion of EFAs (11%) than certified agreements (4.7%).

## Conclusions

Federally registered non-union agreements do not appear to be currently changing many substantive conditions of employment. What they do appear to be changing are the institutional arrangements surrounding wage determination. Not only do they embody a union free process, a significant proportion also replace relevant awards. In addition they provide management with the opportunity to introduce different levels of remuneration for individual employees. To this extent EFA's may be laying the basis for more individual based conditions of employment and wage levels.
Customised reports

Subscribers may wish to obtain additional information quickly on issues of immediate concern. This information can be provided by commissioning customised reports prepared by ACIRRT. These reports will indicate the extent to which particular issues have been dealt with in
- Federal, NSW and Queensland agreements
- Particular industries

These reports include
- tables accompanied by a brief descriptive and commentary
- sample clauses of the issues examined
- qualitative analysis of clauses

The Breadth of ADAM

ADAM has information on over 800 different issues covered in enterprise agreements. These are grouped under the following headings:
- fundamental features such as
  jurisdiction of registration
  negotiating parties
  industry of agreement
  period of operation
- agreement objectives
- methods to achieve objectives
- flexibility arrangements: functional and numerical
- training and skills formation
- productivity and efficiency improvement measures
- quality and performance indicators
- termination, dispute settling and grievance procedures
- hours and flexible work arrangements
- shift work
- overtime
- wages
- juniors, traineeships and apprenticeships
- allowances
- leave entitlements
- change, redundancy and severance pay
- employee representation and consultative arrangements
- superannuation
- equal employment opportunity

Further Information

To discuss your requirements and for an obligation free quote contact Shannon O’Keeffe on (02) 351 5626 or fax (02) 351 5616.
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