

Trends in enterprise bargaining



**EMBARGO: 11.30AM (EST)
THURSDAY
2 MARCH 2000**

DECEMBER QUARTER 1999

ISSN 1442-5432

DECEMBER QUARTER – KEY FIGURES

	September quarter 99	December quarter 99	Change
Wage agreements in the quarter			
AAWI per employee - All sectors	3.5%	3.4%	-0.1 pts
AAWI per employee - Private sector	3.6%	3.5%	-0.1 pts
AAWI per employee - Public sector	3.4%(r)	3.1%	-0.3 pts
All current wage agreements			
AAWI per employee - All sectors	3.8%	3.7%	-0.1 pts
AAWI per employee - Private sector	4.0%	3.8%	-0.2 pts
AAWI per employee - Public sector	3.6%	3.5%	-0.1 pts

Note: AAWI = Average Annualised Wage Increase
(r) = revised

DECEMBER QUARTER – KEY POINTS

- Federal wage agreements formalised in the December quarter 1999 paid an average annualised wage increase (AAWI) of 3.4% per employee, down from 3.5% for the September quarter 1999.
- There were declines in AAWI in both the public and private sectors, albeit only slight in the latter.
- In the public sector, the AAWI for December quarter wage agreements fell to 3.1% from a revised figure of 3.4%. In the private sector, average annualised wage increases declined from 3.6% per employee in the September quarter to 3.5% per employee in the December quarter.
- All current federal wage agreements, as at 31 December 1999, paid an AAWI of 3.7% per employee, down 0.1 percentage point from the September quarter. Private sector current wage agreements experienced a decline in AAWI per employee of 0.2 percentage points to 3.8%. In the public sector, the AAWI per employee was 3.5%, down from 3.6% for the September quarter.

Information

Note: This report summarises the latest estimates from the Department of Employment, Workplace Relations and Small Business' Workplace Agreements Database (WAD). All estimates are rounded to one decimal place, and are subject to revision.

Enquiries: Kelly Munger ph: (02) 6121 7198

- Next release: The March quarter 2000 *Trends in Enterprise Bargaining* report is scheduled for release in late May.
- Subscribers will note that there are two feature articles included in this report – “Leave Provisions – Trends and Flexibilities” and “Enterprise Bargaining on the Eve of the Millennium: 1999 in review.”
- Planned topics for article to appear in future editions of *Trends in Enterprise Bargaining* include:
 - Expiring Federal Wage Agreements
 - Duration of Federal Wage Agreements

Chart A: All wage agreements
Average annualised wage increase

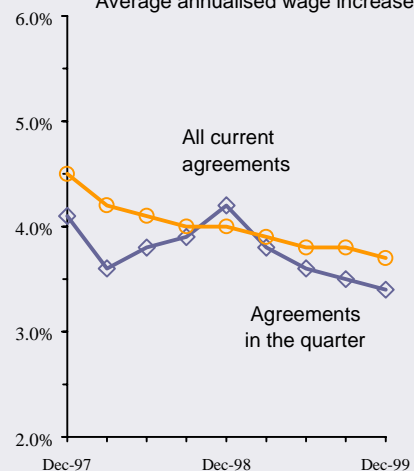
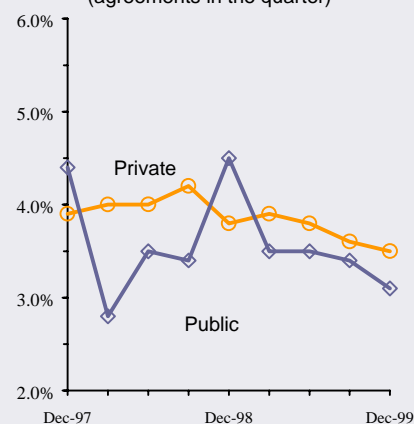


Chart B: Agreements by sector
Average annualised wage increase (agreements in the quarter)



DEVELOPMENTS IN FEDERAL AGREEMENTS

Pace of agreement-making

More than 1,500 federal enterprise agreements, covering an estimated 152,800 employees, were formalised by the AIRC and entered on the WAD in the December quarter 1999. This brings the total number of federal agreements formalised by the AIRC from October 1991 to the end of December 1999 to just over 29,500.

There were 1,451 wage agreements certified in the December quarter, covering an estimated 149,900 employees.

Wage agreements with quantifiable wage increases accounted for 68% of agreements and 83% of employees covered by agreements formalised in the December quarter 1999. (This compares with the September quarter 1999 when quantifiable wage agreements accounted for 64% of all agreements and covered 75% of employees). Non-quantifiable wage agreements accounted for 28% of all agreements in the December quarter and covered 15% of employees. The remaining 4% of agreements were conditions only and these covered 2% of employees.

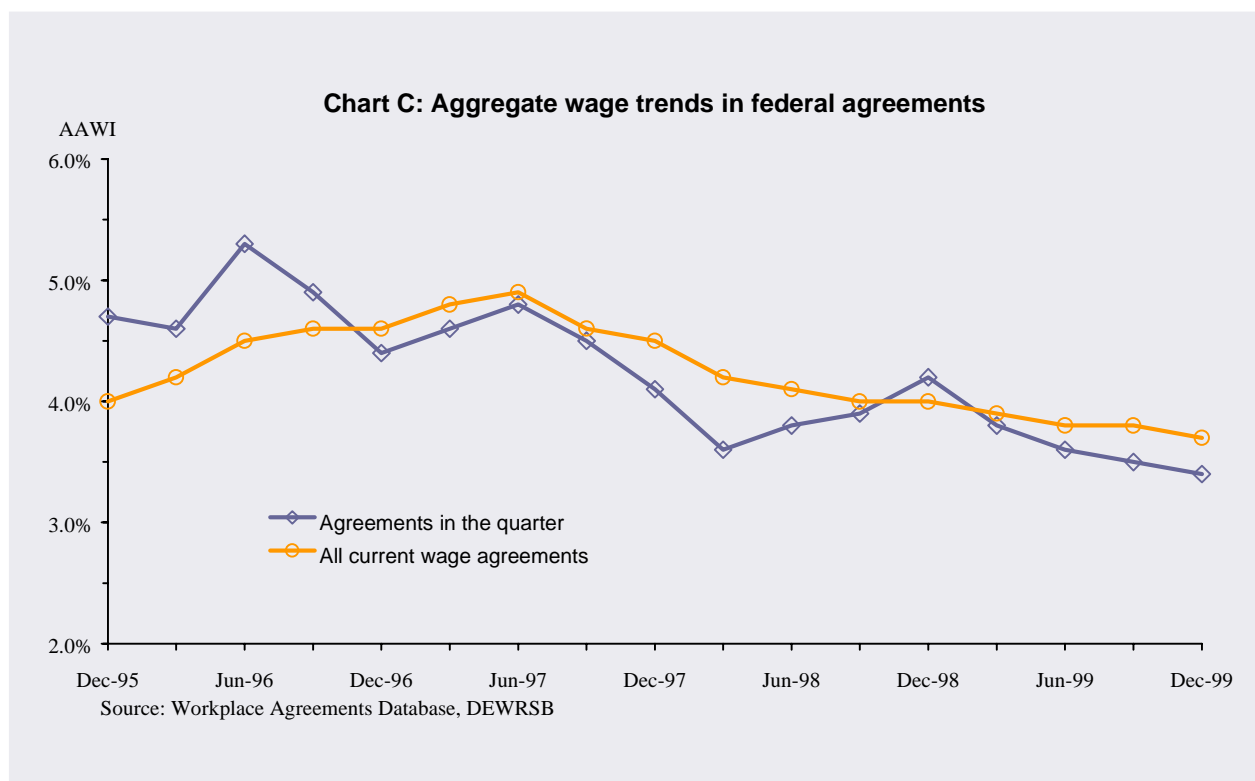
There were almost 9,190 federal wage agreements current at 31 December 1999, covering an estimated 1,412,000 employees.

Average annualised wage increases per employee

Chart C below compares trends over the past four years in our two key wage measures. These are the 'quarterly' series, an estimate of the average annualised wage increase (AAWI) per employee for federal wage agreements formalised by the AIRC in a particular quarter, and the 'all current' series, which is the AAWI per employee for all federal wage agreements current at the last day of a quarter. An explanation of how both these estimates are calculated can be found in the Technical Notes.

While the quarterly AAWI series is a useful forward indicator of the average increase paid by *new* federal agreements, only around 2% of all employees in Australia are covered in the December quarter's figures. By contrast, the 'all current' AAWI estimate covers a much larger group – 18.5% of all employees at the end of December 1999.

For agreements formalised in the December quarter 1999, AAWI was 3.4% per employee, down 0.1 percentage points from 3.5% in the September quarter 1999. For all current federal wage agreements at 31 December 1999, AAWI was 3.7% per employee, down from the previous quarter's outcome of 3.8%. As Chart C shows, the 'in the quarter' series has declined for the fourth quarter in succession and the 'all current' series has had ten successive quarters since an increase in the AAWI. The continued steady fall in AAWI results, particularly the 'in the quarter' series, indicates that new federal agreements are yet to reveal evidence of any emerging wage pressures.



TECHNICAL NOTES

The Workplace Agreements Database

The Workplace Agreements Database (WAD) is maintained by the Labour Market Policy Group of the Department of Employment, Workplace Relations and Small Business (DEWRSB). The WAD contains information on all known federal enterprise agreements which have been certified or approved by the Australian Industrial Relations Commission (AIRC) since the introduction of the Enterprise Bargaining Principle in October 1991. The WAD covers general details (such as sector, ANZSIC, duration, employees covered), wage details (quantum and timing of increases), and employment conditions. Information entered on the WAD is drawn from copies of federal agreements lodged with the Australian Industrial Registry.

Employee coverage

Information on the number of employees covered by an agreement is drawn from the statutory declarations provided to the AIRC by the parties, along with AIRC transcripts and decisions, and employer contacts.

Actual employee numbers are known for 90% of all new agreements certified in the December quarter. This is a significant increase on previous quarters, where actual employee numbers were known for around 80% of new agreements. Where employee coverage is not known, a 'modified mean' is used to estimate employee coverage. The modified mean is generated for each industry group by calendar year removing the largest 5% and smallest 5% of agreements, and then calculating the mean of the remainder.

Duration of agreements

The WAD uses the 'effective duration' of each agreement rather than 'formal duration' (that is, the period from certification to expiry) to measure agreement duration. The effective duration of a wage agreement is the difference in months between: (1) certification and expiry date, (2) commencement and expiry date, or (3) the date of the first wage increase and expiry date, whichever period is the greatest.

Average annualised wage increases

Estimates of average wage increases are calculated for those federal wage agreements that paid *quantifiable* increases. Wage agreements whose average percentage increase could not be quantified (eg, those introducing a new salary structure) are excluded from these estimates.

For quantifiable wage agreements, the *average annualised wage increase (AAWI) per agreement* is calculated by (1) summing the percentage wage increases to give a total percentage wage increase for each agreement (flat dollar increases are converted to a percentage using average weekly ordinary time earnings (AWOTE) for the relevant ANZSIC industry division and quarter) and (2) annualising the total percentage wage increase by dividing it by the effective duration and multiplying it by 12. For the few agreements whose duration is less than one year, a 12 month duration is assumed when calculating AAWI.

AAWI per agreement provides only a simple unweighted average and tends to overstate the average wage increase received by employees. For this reason *Trends in Enterprise Bargaining* reports the *average annualised wage increase (AAWI) per employee*, which is calculated by weighting AAWI per agreement by the number of employees covered by that agreement.

The *all current* wage estimates are the AAWI per employee for all quantifiable federal wage agreements that are current on the last day of the quarter.

Estimates of AAWI generally exclude increases paid in the form of conditional performance pay, one-off bonuses, profit sharing or share acquisition, as these data cannot readily be either quantified or annualised. This, along with the use of a simple rather than compound percentage wage increase, may result in a small under-estimation of average wage increases.

Disclaimer

The Commonwealth, its employees, officers and agents do not accept any liability for any action taken in reliance upon or based on or in connection with this document. To the extent legally possible, the Commonwealth, its employers, officers and agents disclaim all liability arising by reason of breach of any duty (including liability for negligence and negligent misstatement) or as a result of any errors or omissions contained in this document.

TABLE A: FEDERAL WAGE AGREEMENTS, BY INDUSTRY AND SECTOR, TO THE DECEMBER QUARTER 1999

INDUSTRY/SECTOR	Dec-95	Mar-96	Jun-96	Sep-96	Dec-96	Mar-97	Jun-97	Sep-97	Dec-97	Mar-98	Jun-98	Sep-98	Dec-98	Mar-99	Jun-99	Sep-99	Dec-99
Non-metals manufacturing	223	192	142	155	236	124	172	203	187	119	172	189	153	136	161	220	207
Quarter: AAWI per employee (%)	4.4	5.1	4.9	5.1	4.8	4.5	4.8	4.5	4.5	4.5	4.4	3.7	3.8	3.8	4.1	3.5	3.5
Quarter: Employees ('000)	16.7	20.5	17.0	12.0	22.4	12.4	14.6	15.0	13.8	12.4	15.0	18.2	8.9	14.3	11.4	14.3	18.1
Metals manufacturing	163	113	175	158	134	95	200	227	155	164	159	272	217	264	193	176	184
Quarter: AAWI per employee (%)	5.1	5.4	5.3	5.4	5.3	5.0	5.1	4.8	4.9	4.5	4.6	4.4	4.4	4.3	3.7	3.9	4.0
Quarter: Employees ('000)	21.6	9.2	15.8	14.9	15.7	9.4	16.8	25.9	11.1	15.1	15.3	22.5	19.5	17.9	11.1	16.3	18.1
Infrastructure services	300	353	332	347	423	483	332	821	587	483	520	1042	1242	808	654	609	670
Quarter: AAWI per employee (%)	5.2	5.7	4.5	6.2	4.3	6.1	4.8	5.1	5.5	4.5	5.2	4.7	4.1	4.7	3.7	4.1	4.5
Quarter: Employees ('000)	94.6	54.4	51.2	8.9	53.9	12.4	22.2	23.8	51.2	13.9	12.8	36.2	109.1	20.0	74.0	16.9	15.1
Other services	174	375	168	236	136	155	153	183	240	235	329	435	417	266	248	360	284
Quarter: AAWI per employee (%)	4.0	4.0	5.6	4.9	4.3	3.9	4.8	4.4	3.9	3.6	3.8	3.8	3.4	3.3	3.6	3.4	3.2
Quarter: Employees ('000)	67.4	148.4	154.0	110.7	83.8	30.5	67.1	69.2	153.4	67.4	159.4	118.8	77.5	52.9	99.1	54.4	83.2
Government administration	60	71	49	95	47	47	76	150	72	84	90	137	85	84	53	81	78
Quarter: AAWI per employee (%)	4.2	4.9	4.6	4.2	4.2	4.5	4.5	4.0	3.2	2.5	3.2	3.2	5.8	3.8	3.1	3.1	2.9
Quarter: Employees ('000)	12.8	17.2	25.9	23.1	4.3	8.4	14.2	9.5	44.9	23.7	33.0	48.9	39.2	18.0	36.8	11.6	13.9
PUBLIC SECTOR	155	290	124	167	84	76	127	189	152	150	151	265	295	161	141	265	171
Quarter: AAWI per employee (%)	4.9	4.4	4.2	3.9	4.3	4.4	4.8	4.9	4.4	2.8	3.5	3.4	4.5	3.5	3.5	3.4	3.1
Quarter: Employees ('000)	113.5	171.0	106.5	57.0	12.8	18.4	59.7	40.1	112.3	39.9	89.2	93.6	137.5	30.8	146.5	30.2	41.5
All current: AAWI per employee (%)	3.9	4.2	4.3	4.3	4.4	4.7	4.9	4.9	4.7	4.3	4.2	3.8	3.9	3.7	3.6	3.6	3.5
All current: Employees ('000)	444.6	559.6	598.6	584.3	559.6	355.3	384.9	340.5	359.7	346.9	377.4	420.7	478.9	469.1	580.2	478.2	471.5
PRIVATE SECTOR	782	844	775	860	921	844	835	1455	1125	964	1159	1859	1871	1430	1215	1228	1280
Quarter: AAWI per employee (%)	4.6	5.1	6.1	5.4	4.4	4.6	4.8	4.4	3.9	4.0	4.0	4.2	3.8	3.9	3.8	3.6	3.5
Quarter: Employees ('000)	104.1	81.6	161.2	119.9	170.5	55.7	77.4	107.2	165.7	94.8	148.8	154.1	120.4	94.1	87.8	85.8	108.4
All current: AAWI per employee (%)	4.2	4.2	4.7	4.9	4.8	4.8	4.9	4.5	4.3	4.2	4.1	4.2	4.1	4.1	4.0	4.0	3.8
All current: Employees ('000)	528.6	482.8	599.9	644.3	767.4	708.0	734.5	677.8	763.5	745.1	818.1	779.1	854.4	880.1	912.9	909.3	940.5
ALL INDUSTRIES	937	1134	899	1027	1005	920	962	1644	1277	1114	1310	2124	2166	1591	1356	1493	1451
Quarter: AAWI per employee (%)	4.7	4.6	5.3	4.9	4.4	4.6	4.8	4.5	4.1	3.6	3.8	3.9	4.2	3.8	3.6	3.5	3.4
Quarter: Employees ('000)	217.6	252.7	267.7	176.9	183.3	74.2	137.0	147.3	278.1	134.7	238.0	247.7	257.9	124.9	234.3	116.1	149.9
All current: AAWI per employee (%)	4.0	4.2	4.5	4.6	4.6	4.8	4.9	4.6	4.4	4.2	4.1	4.0	4.0	3.9	3.8	3.8	3.7
All current: Employees ('000)	973.2	1042.4	1198.5	1228.6	1327.0	1063.4	1119.4	1018.3	1123.2	1092.0	1195.6	1199.8	1333.3	1349.2	1493.2	1387.5	1412.0

Notes: 1. Agreement and employee estimates are for all federal wage agreements in the period, while estimates of AAWI per employee are based on quantifiable wage agreements.

2. Agreements are categorised by Industry group according to ANZSIC Division, as defined by the ABS. The Industry groups are:

'Non-metals manufacturing' - ANZSIC Division C (Manufacturing) excluding 'Metals manufacturing'.

'Metals manufacturing' - ANZSIC Subdivisions 27 and 28.

'Infrastructure services' - ANZSIC Divisions D, E, I and J (Electricity, gas and water supply; Construction; Transport and storage; Communication services).

'Other services' - ANZSIC Divisions F, G, H, K, L, N, O, P, Q (Wholesale trade; Retail trade; Accommodation, cafes and restaurants; Finance and insurance; Property and business services;

Education; Health and community services; Cultural and recreational services; Personal and other services).

'Government administration' - ANZSIC Division M (Government administration and defence).

ANZSIC Divisions A (Agriculture, forestry and fishing) and B (Mining) are not included in the industry groups. They are included in sectoral and all industry totals.

Source: Workplace Agreements Database, DEWRSB, 29 February 2000. All estimates are rounded and are subject to revision. Revisions have been made to historical series.

Trends in enterprise bargaining



INSERT

DECEMBER QUARTER 1999

ISSN 1442-5432

This insert for *Trends in Enterprise Bargaining* looks at, amongst other things, the effect of major agreements on wages and outcomes by sector and by industry group. In this edition, we also present two feature articles. The first is a review of federal agreement making in 1999 while the second is an examination of the leave provisions in agreements for the period 1998 to 1999.

Average annualised wage increases per employee

As previously mentioned, federal wage agreements formalised in the December quarter 1999 paid an average annualised wage increase (AAWI) of 3.4 per cent per employee, down slightly from 3.5 per cent in the September quarter 1999. The result was mainly due to the fall in the public sector AAWI for the quarter, which was down significantly when compared with the previous two quarters. Private sector AAWI also declined in the December quarter, but only slightly compared to the result for the September quarter.

The effect of major agreements on wage trends

There were 47 large agreements (that is, agreements covering more than 500 employees) approved in the December quarter 1999 compared to a revised figure of 39 large agreements in the previous quarter. These agreements accounted for only 3 per cent of all agreements approved in the December quarter, but 58 per cent of employees. This figure is up from the revised September quarter figures when large agreements accounted for just under 3 per cent of all agreements and 45 per cent of employees.

In the private sector, the largest wage agreement in the December quarter was the Myer Grace Bros Stores agreement, covering an estimated 24,000 employees and paying an AAWI of 3.0 per cent. The Master Grocers' Association of Victoria agreement and the Toyota Australia (Altona) agreement were the next largest private sector agreements, paying 3.4 per cent and 4.2 per cent to an estimated 6,800 and 2,600 employees, respectively.

In the public sector, the largest wage agreement certified in the December quarter was the Health Insurance Commission (Improving Australia's Health through Payments and Information) agreement which paid an AAWI of 3.0 per cent to an estimated 4,400 employees. This was followed by the University of New South Wales General Staff agreement, which covered an estimated 3,000 employees and paid an AAWI of 2.7 per cent and the Northern Territory Public Sector Teachers and Educators agreement which paid an AAWI of 3.6 per cent to an estimated 2,800 employees.

Table 1 provides details of all the large agreements certified in the December quarter, including details of some of the methods of providing wage increases.

Average annualised wage increases per agreement

Federal wage agreements formalised in the December quarter 1999 paid an AAWI *per agreement* of 4.5 per cent, unchanged from the September quarter figure. Private sector wage agreements paid an AAWI of 4.7 per cent per agreement in the December quarter, while public sector wage agreements paid 3.0 per cent per agreement. As noted in our previous reports, we consider that this measure does not provide a very useful indicator of aggregate wage pressures as it assigns equal weight to each enterprise agreement, irrespective of the number of employees they may cover.

Agreements, CPI increases and the Goods and Services Tax

There has been some attention given recently to union campaigns for re-opening clauses in agreements which allow the wage increase to be revisited in the light of price increases resulting from the introduction of the Goods and Services Tax (GST). The WAD contains information on whether agreements allow for CPI increases (either fully-absorbable or partially absorbed) or nett-CPI increases to flow into wage increases. Those agreements which do have such provisions usually state "the salaries as set out... will be adjusted annually during the term of the agreement by x per cent or the cost of living increment as determined as of the 30 June, which ever is the greater..."

Table 1: Large Agreements Certified in December Quarter 1999		Durati- on (yrs)	Total Wage (%)	AAWI (%)	Emps	Notes
Sector	Title					
PRIVATE SECTOR						
Non-Metals Manufacturing	Visy Industries Enterprise Agreement, 1999	2.0	7.8	3.5	950	12
	Bridgestone Australia Ltd Tyre Manufacturing & Development Division CA 1999	1.8	7.5	4.1	627	
	Pirelli Cables Australia Ltd (Minto, Liverpool & Dee Why) Framework Agreement 1999	2.1	10.0	4.8	604	
	South Pacific Tyres (Somerton Wbr Plant) - National Union of Workers CA 1998	3.0	8.0	2.7	538	8, 15
	Journalists ACP CA 1999	3.0	9.0	3.0	521	2, 10
Metals Manufacturing	Toyota Australia Workplace Agreement (Altona) 1999	2.5	10.5	4.2	2583	15
	Email National Manufacturing Agreement 1999	2.0	8.0	4.0	2123	
	Email Ltd, Orange, CA 1999 - 2001	2.0	8.0	4.0	1500	
	Email Victorian Manufacturing Agreement 1999	1.0	4.0	4.0	932	
	Australasian Cable Supports (A Division of Unistrut Australia Pty Ltd) CA 1999	1.0	4.5	4.5	684	
	Tubemakers Merchandising Group Enterprise Agreement 1998-2000	2.0	8.0	4.0	616	3, 7
Infrastructure Services	Brambles (Chep) National Comprehensive Agreement 1999	*	*	*	700	9
Other services	Myer Grace Bros Stores Agreement 1998	2.8	8.6	3.0	24000	14
	Master Grocers' Association of Victoria Enterprise Agreement 1999	2.9	10.0	3.4	6753	10
	Suncorp Metway Staff Pty Ltd Certified Agreement 1999	2.6	10.5	4.1	1758	2, 8, 11
	St John of God Health Care Subiaco (ALHMWU) Caregiver Agreement 1999	1.9	5.0	2.7	1500	5
	AAMI Enterprise Agreement 1999	3.5	16.0	4.6	1500	2, 4
	SSL Tourism & Leisure Services (Victoria) Enterprise Agreement 1999	2.0	5.0	2.5	1500	
	Colonial Stadium Employees CA 1999	*	*	*	1500	9
	Coles Myer Ltd Clerical and Administrative Employees Agreement 1998	2.9	9.0	3.1	1200	5
	Disability Services Victoria (Part 1) Enterprise Agreement, 1999	2.0	6.0	3.0	1200	
	Coles Supermarkets Australia Pty Ltd (Vic) and AMIEU Agreement 1999	3.0	9.0	3.0	772	5, 11
	Wrest Point Hotel Casino Enterprise Bargaining Agreement 1999	1.0	3.0	3.0	663	4
	Australian Wool Testing Authority Limited (Enterprise Bargaining) Agreement 1999	3.0	10.0	3.3	604	11
	Asset Services (Maintenance) Enterprise Agreement 1999	3.0	12.0	4.0	594	
	Coles Supermarkets Australia Pty Ltd NSW/ACT Bakery Agreement 1999	2.2	8.0	3.6	568	
	Healthland Fitness International CA 1999	*	*	*	500	9
	Total Large Private Sector Agreements	2.0	7.3	3.6	56990	
PUBLIC SECTOR						
Infrastructure Services	Aurora Energy Enterprise Agreement 1999 - 2001	2.0	7.6	3.8	798	1
Other Services	Health Insurance Commission (Improving Australia's Health through Payments and Information) CA 1999 - 2000	1.0	3.0	3.0	4394	4
	University of New South Wales (General Staff) Enterprise Agreement 2000	3.7	10.0	2.7	3002	13
	Northern Territory Public Sector Teachers and Educators CA 1999	1.6	6.0	3.6	2785	7
	Australian Federal Police CA 1999 - 2002	3.0	12.0	4.0	2741	4
	University of Western Australia General Staff Agreement 1999	1.9	6.2	3.1	2100	13
	North Western Health Care Network - General Health & Allied Services - Consolidated Agreement 1999	2.9	9.0	3.1	1900	
	ANF and HSUA and Austin & Repatriation Medical Centre 1997 Public Sector Agreement	3.2	11.0	3.4	1787	
	CRS Australia CA 1999 - 2002	3.0	7.5	2.5	1634	7
	Tasmanian Tafe Teachers Agreement 1999	1.0	2.5	2.5	1103	
	Women's and Children Health Care Network [Medical Officers] Enterprise Agreement 1999	3.0	9.0	3.0	635	2, 5
	Victorian Work Cover Authority/Finance Sector Union Enterprise Agreement 1999-2002	3.0	10.5	3.5	579	1, 4, 15
Government Administration	Department of Veterans Affairs Enterprise Agreement 1999-2001	2.2	7.0	3.2	2147	
	Department of Family and Community Services CA 1999 - 2001	2.0	6.0	3.0	1456	2, 4
	Ipswich City Council Certified Enterprise Agreement 1999	1.0	2.3	2.1	1184	
	Brimbank City Council Enterprise Agreement 1999	1.8	5.5	2.7	856	
	Banyule City Council Enterprise Agreement No. 2, 1999	3.3	7.4	2.1	822	4, 6
	City of Port Phillip Enterprise Agreement Number 2, 1999	2.5	9.0	3.6	814	1
	Boroondara City Council Local Area Workplace Agreement No.2, 1999 (Home and Community Care Services)	2.0	9.0	4.5	620	
	Stonnington City Council Enterprise Agreement No.3 1999	2.7	8.0	3.0	560	
	Total Large Public Sector Agreements	2.4	7.4	3.1	31917	
	Total Large Agreements	2.2	7.4	3.4	88907	

Source: Workplace Agreements Database, DEWRSB

- Notes:
- Part or all of the wage increase is awarded on meeting defined targets
 - Individual performance assessed and remunerated
 - Agreement commences a significant period after the previous agreement expires
 - One-off bonus
 - No base rate provided. Base rate derived from an award or previous agreement to calculate first increase
 - Performance pay 'pool' in place. Aggregate pool payments are included in AAWI
 - Broad band classification structure to be introduced
 - Employee share ownership scheme in place
 - Agreement is not meaningfully quantifiable (See Technical Notes)
 - No previous agreement, award rates vary considerably from the agreement wage rates.
 - Replacing an agreement which expired in this quarter
 - Changed working conditions affecting some staff, wage increase varies
 - Opportunity to renegotiate wages during the life of the agreement
 - Wage increases are non-cumulative over term of agreement
 - Agreements with CPI/GST related clauses

In the December quarter 1999, 5 per cent of agreements (6 per cent of employees) had some form of provision for CPI increases. This compares with the September quarter where 5 per cent of agreements (5 per cent of employees) included a CPI clause. Since January 1999, the percentage of agreements containing a provision for CPI increases has been less than 7 per cent. For the year 1999, 5 per cent of agreements, covering 4 per cent of employees, contained a CPI clause. Since June 1997, there has been little change in the percentage of agreements including some form of provision for variations in wage increases in the light of inflation outcomes.

Of the certified agreements approved in 1999 which contain CPI clauses, 43 per cent were in the infrastructure services group and 20 per cent were in the other services group. The mining and agriculture group accounted for only 3 per cent of all agreements which included a CPI clause.

WAGE TRENDS BY SECTOR

Private sector wage trends

At least 1,280 federal private sector wage agreements, covering an estimated 108,400 employees, were formalised by the AIRC in the December quarter 1999. This represents a slightly higher number of agreements formalised and a 26 per cent increase in the level of employee coverage in the private sector as compared with the September quarter. On average, private sector agreements certified in the December quarter paid an annualised wage increase of 3.5 per cent per employee, down 0.1 percentage point from the September quarter.

There was a broad range of bargaining wage outcomes in the private sector in the December quarter, particularly among the large agreements. In addition to the several large agreements mentioned previously, moderate outcomes were provided by the SSL Tourism & Leisure Services (Victoria) agreement which paid an AAWI of 2.5 per cent to an estimated 1,500 employees and the South Pacific Tyres (WBR Plant Somerton) agreement which paid an estimated 500 employees an AAWI of 2.7 per cent. These outcomes contrast with above average wage outcomes in the Pirelli Cables Australia Limited (Minto, Liverpool and Dee Why) agreement, which paid an AAWI of 4.8 per cent to an estimated 600 employees, and the AAMI agreement, which paid an AAWI of 4.6 per cent to an estimated 1,500 employees.

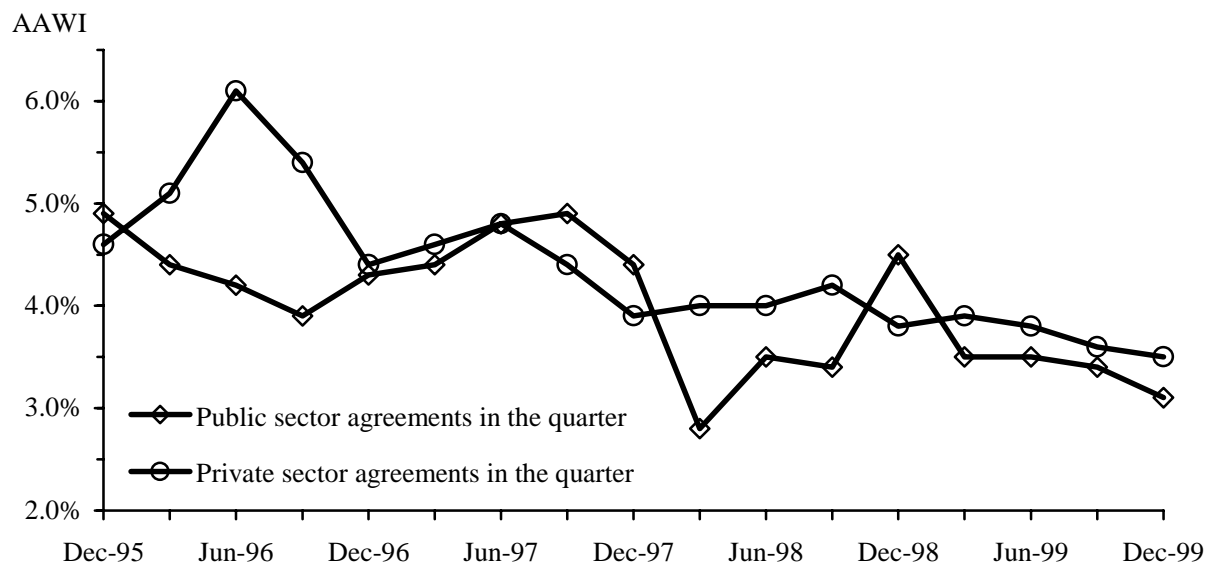
The AAWI for all private sector agreements current at 31 December 1999 was 3.8 per cent per employee, down from the September quarter result of 4.0 per cent. This can partly be explained by the large private sector agreements with relatively high AAWI's which have expired in this quarter. The 1998 National Mutual agreement covering an estimated 2,400 employees with an AAWI of 5.3 per cent expired. Another large agreement to expire was the Resource Engineering Labour Hire agreement which paid an AAWI of 4.5 per cent to an estimated 910 employees. There were also two large agreements with relatively high AAWIs (Australian Wool Testing Authority Ltd 1999 and Coles Supermarkets Australia Pty Ltd (Vic) and AMIEU 1999) which expired in the December quarter and were replaced by agreements with lower AAWIs.

Public sector wage trends

In the December quarter 1999, there were at least 170 federal public sector wage agreements, covering an estimated 41,500 employees, formalised by the AIRC. These agreements paid an average annualised wage increase of 3.1 per cent per employee, down from the previous quarter's revised result of 3.4 per cent.

Apart from the three largest public sector agreements mentioned previously, other large public sector agreements certified in the December quarter were the Australian Federal Police agreement and the Department of Veteran's Affairs agreement which paid AAWIs of 4.0 per cent and 3.2 per cent to an estimated 2,700 and 2,100 employees, respectively. The average AAWI for the large public sector agreements this quarter was 3.1 per cent.

For all federal public sector wage agreements current at 31 December 1999, the AAWI per employee was 3.5 per cent, down 0.1 percentage point from the previous quarter.

Chart 1: Quarterly federal wage trends, by sector

Source: Workplace Agreements Database, DEWRSB

WAGE TRENDS IN KEY INDUSTRIES

Table A (see final page) shows quarterly movements in average annualised wage outcomes for the five main industry groups since the December quarter 1995.

As can be seen from Table A, the AAWIs per employee in each of the five industry groups were little changed this quarter compared with the previous quarter. Infrastructure services recorded the largest movement, with the AAWI rising 0.4 percentage points. Metals manufacturing rose by 0.1 percentage points, non-metals manufacturing remains unchanged and government administration and other services fell marginally in the quarter.

Infrastructure services

Average wage outcomes in this broad industry group in the December quarter measured 4.5 per cent per employee, up from 4.1 per cent in the September quarter and 3.7 per cent in the June quarter. However, as we have noted in the past, wage outcomes in this industry group tend to be quite volatile from quarter to quarter. The number of wage agreements formalised in the quarter rose in the December quarter while employee coverage fell for the second consecutive quarter. The December quarter saw 670 wage agreements certified covering an estimated 15,100 employees, while in the September quarter 609 wage agreements were certified covering an estimated 16,900 employees.

Average wage outcomes within the industries comprising this broad industry group were predominantly lower than in the previous quarter. Wage outcomes ranged from: 4.0 per cent for transport and storage (up considerably from the 3.1 per cent AAWI recorded in the previous quarter); 3.9 per cent for electricity, gas and water supply (down from 4.2 per cent); 4.4 per cent in the communications services industry (down from the September quarter result of 5.0 per cent); and 5.0 per cent for construction (down from 5.6 per cent the previous quarter).

Government administration

The AAWI per employee in government administration decreased by 0.2 percentage points to 2.9 per cent for the December quarter. The number of wage agreements formalised in this industry fell from 81 in the September quarter to 78 in the December quarter, although the number of employees covered rose slightly to an estimated 13,900.

Other services

In other services, the AAWI per employee declined for the second consecutive quarter to 3.2 per cent in the December quarter, down 0.2 percentage points from the September quarter figure. Within this industry group the major AAWI movements were in the wholesale trade industry, which fell from 4.0 per cent in the September quarter to 2.7 per cent in the December quarter, and the property and business services industry, which also fell from 5.1 per cent in the

September quarter to 3.8 per cent in the December quarter. The number of wage agreements formalised in this broad industry group declined from 360 agreements in the September quarter to 284 agreements in the December quarter, while employees covered increased from an estimated 54,400 in the September quarter to 83,200 in the December quarter. This was attributable to the fact that of the 47 large agreements (that is, covering more than 500 employees) approved in the quarter, 26 agreements covering almost 67,300 employees are in this industry group.

Metals manufacturing

The number of wage agreements formalised in this industry group increased from 176 agreements, covering an estimated 16,300 employees in the September quarter, to 184 agreements, covering an estimated 18,100 employees in the December quarter. Since the June quarter 1998, this industry's AAWI has been gradually declining, however, this trend may be ending with the last two quarters displaying a slight rise. The metals manufacturing wage agreements formalised in the December quarter paid an AAWI of 4.0 per cent per employee, up marginally from the September quarter AAWI of 3.9 per cent per employee.

Non-metals manufacturing

The non-metals manufacturing wage agreements for the December quarter paid an AAWI of 3.5 per cent per employee, unchanged from the September quarter result. The number of wage agreements formalised in the quarter fell from 220 in the September quarter to 207 in the December quarter, with a rise in employee coverage from an estimated 14,300 employees to an estimated 18,100 employees.

LEAVE PROVISIONS - TRENDS & FLEXIBILITIES

This article examines leave provisions including long service, annual, personal (that is, sick, family and bereavement leave), and parental leave in agreements certified during 1998 and 1999. These leave provisions are allowable award matters and in addition, unpaid parental leave is provided for in the *Workplace Relations Act 1996* (WR Act). Not all agreements are comprehensive – that is, they operate in conjunction with awards or other legislation. The absence of certain leave provisions in an agreement may therefore indicate that the workplace or enterprise is relying on the award or legislative provisions.

The article particularly examines the incidence of leave provisions in agreements which provide flexibility, especially where it is additional to that likely to be found in awards, and the incidence of other provisions which would not normally be found in awards but have been included in agreements to meet the needs of that particular workplace (for example, bonus incentives for reduced absenteeism).

Table 2 shows the incidence of leave provisions in agreements and proportion of employees covered by each provision by sector (private, public and total), while Table 3 shows average amounts of paid family, compassionate and parental leave, their incidence in agreements and employee coverage of them in agreements.¹ The employee coverage data indicate that leave provisions were more likely to be found in larger agreements. As can be seen from Table 2, these leave provisions were included in many agreements, the most common being sick leave which was included in 54 per cent of agreements.

Long service leave

Long service leave is provided for both by legislation (State/Territory) and awards. Nearly half of the agreements certified during 1998 and 1999 contained long service provisions, and over half of these (57 per cent) are read in conjunction with other legislation. Approximately 32 per cent of agreements with long service leave provisions (14 per cent of total agreements) provided for at least one of the long service leave flexibilities listed in Table 2. These are likely to be additional to either the legislative or relevant award provisions.² Both the overall provision and references to other legislation were more common in private than public sector agreements, and covered a higher proportion of employees in the private sector than in the public sector.

1. There are a number of agreements that provide for paid leave but do not indicate how much. These agreements have been excluded as they have not been coded.

2. 1.3 weeks accrual of long service leave is the maximum found in Federal, State or Territory awards or legislation.

Of the flexibilities listed in Table 2, flexible access is the most common. This encompasses provisions that enable leave to be doubled by taking it at half pay or halved by taking it at double the rate of pay.

The public sector has incorporated these long service leave flexibilities into its agreements to a larger degree than the private sector. In 1998 and 1999, 28 per cent of public sector agreements included a flexible long service leave provision, compared to 12 per cent of private sector agreements. However, the public sector agreements only accounted for 13 per cent of employee coverage in the sector, indicating these flexible provisions were generally found in small public sector agreements.

Prescribed access, whereby long service leave may have to be taken as soon as a set amount has accumulated or if the employer stipulates the timing of the leave, was relatively rare.

Annual leave

Just over half of agreements certified during 1998 and 1999 have annual leave provisions. This is similar for both the public and private sectors. Annual leave loading was dealt with in fewer agreements and very few agreements contained provisions to absorb it. Approximately one third of agreements containing annual leave clauses (17 per cent of total agreements) include at least one of the flexible arrangements listed in Table 2. Provisions for quantum of leave above four weeks for non-shift workers and five weeks for shift workers were rare. This would indicate that employers and employees are not bargaining so much over the amount of leave that is being provided, but rather flexibility in the way the leave can be accessed and utilised.

Around 15 per cent of agreements contain provisions for regulated access to annual leave. This may include annual or Christmas shut down periods during which employees have to take their annual leave or a provision for annual leave rosters where employees must take their leave at a specified time. These provisions are more prevalent in the manufacturing industry.

While provisions for 48/52 or a career break³ occurred in only 2 per cent of agreements, they covered 15 per cent of employees, indicating that the provisions were more common in large agreements. The public sector catered for this provision to a greater extent than the private sector. In particular, the *Australia Post Enterprise Agreement 1999 – 2001* and *Centrelink Development Agreement 1999-2002*, both of which include this provision, account for over 20,000 employees each. The *Commonwealth Bank Of Australia Enterprise Bargaining Agreement 1998* was a significant contributor to employee coverage in the private sector (25,100) employees.

Sick Leave

Sick leave provisions form an integral part of certified agreements. They were included in 54 per cent of agreements covering two thirds of employees. From the agreements that contain sick leave clauses, 67 per cent (36 per cent of total agreements) include at least one flexibility provision.

The most common provisions relating to sick leave are payout on termination and insurance schemes. Insurance schemes provide financial coverage for employees who are absent from work due to a non-work related illness or injury. They tend to be more common in the private sector and in industries that require work to be physical in nature. The data in Table 2 suggest that the agreements containing this provision are more likely to be small.

The figures for the provision of all purpose paid leave combining sick, bereavement and family/carers leave indicate that the personal carers leave test case – stage 2 model clause⁴ is not commonly being used in agreements and where it is, it is more common in larger agreements. This type of leave may or may not limit the number of days that an employee can use for a particular circumstance, such as caring for a sick family member.

Employee coverage of bonus incentive schemes for reduced absenteeism⁵ in agreements in 1998 and 1999 was boosted by some large agreements including the *Australia Post Enterprise Agreement 1999 – 2001* and *Brisbane City Council Enterprise Bargaining Agreement Two Extension*, accounting for 40,000 employees.

3. Under this provision an employee can, for example, elect to be paid four years salary over a five-year period and have the fifth year off as a career break. 48/52 can enable an employee to obtain additional annual leave by way of salary sacrifice and have the salary decrease averaged over the year. For example, an employee could take an additional four weeks leave and have the 48 weeks pay averaged over 52 weeks of the year.

4. Personal/carers leave test case – stage 2, Decision number 2435/95, Print number M6700.

5. A bonus payment will be made by the employer if the employee takes less than a specified amount of sick leave over a specified period.

Compassionate Leave

One third of agreements certified in 1998 and 1999 contained compassionate or bereavement leave provisions and such provisions were more common in large agreements. In less than 5 per cent of these agreements, compassionate or bereavement leave was accessed from some other form of leave, suggesting that compassionate/bereavement leave is still generally being provided through a separate leave entitlement, not as part of a combined personal leave entitlement.

Family leave

Family leave was provided in over one quarter of agreements certified in 1998 and 1999, mostly through access to other leave, be it all purpose paid leave, sick or annual leave for caring for sick family members, rather than separate family leave provisions.

Where specified, the average number of days paid family leave is four and is slightly higher in the public sector. Again, it is large agreements that are including this provision, particularly in the private sector. Both the *Kmart Australia Ltd Agreement 1998* and *Big W Discount Department Stores Agreement 1997* contained this provision accounting for approximately 41,000 employees in the private sector. Access to other leave appears to be slightly higher at about five days.⁶

Parental leave

The *WR Act* provides 52 weeks of unpaid parental leave. Some agreements are moving beyond the minimum entitlements and providing paid maternity leave and to a lesser extent, paternity leave.

Around 10 per cent of agreements in 1998 and 1999 contained paid maternity leave provisions, the average being four weeks. This provision is more commonly found in the public sector.⁷ The health and community services industry led the way in paid maternity leave. Approximately 95 per cent of agreements in this industry contained paid maternity leave provisions which may be influenced by the fact that it is a female dominated industry.

Some agreements also include the option for full-time employees to extend their unpaid leave beyond the 52 weeks provided for in the *WR Act*. This extension can most commonly be utilised only once during a period of parental leave. A common length of extension is approximately two weeks.

Summary

Long service leave, annual leave and sick leave each appeared in around half of the agreements certified in 1998 and 1999. Family leave and bereavement leave provisions appeared in fewer agreements. Overall the provisions tended to be concentrated in large agreements, the main exception to this being sick leave insurance schemes. The data indicate that there are a range of flexibilities being introduced through agreements in regard to leave arrangements which may be of benefit to both employers and employees.

For enquiries regarding this article, telephone Chris D'Souza on (02) 6121 5672.

6. Over half the agreements, that provided access to other leave, specified a quantum.

7. This may reflect public service legislative provisions that provide paid maternity leave.

TABLE 2: LEAVE PROVISIONS 1998-99: INCIDENCE & EMPLOYEE COVERAGE

	PRIVATE		PUBLIC		TOTAL	
	Agts (%)	Emps (%)	Agts (%)	Emps (%)	Agts (%)	Emps (%)
TOTAL AGREEMENTS	11273	924406	1804	626658	13077	1551064
LONG SERVICE LEAVE	44	61	46	45	44	55
refers to other legislation	26	34	16	20	25	28
prescribed access	1	2	2	1	1	1
<i>Flexible Arrangements</i>						
<i>At least one of the following</i>	12	19	28	13	14	16
Weeks per year >1.3	1	1	3	2	1	1
introduces new rate of accrual	2	7	2	1	2	5
cashing out	2	2	7	3	3	3
flexible access	3	6	21	8	6	7
ANNUAL LEAVE	51	75	51	69	51	73
regulated access	16	27	10	7	15	19
>4 weeks - non-shift	2	2	1	1	2	1
>5 weeks - shift	2	2	1	2	2	2
annual leave loading	26	46	17	16	25	34
loading absorbed	5	5	5	4	5	5
<i>Flexible Arrangements</i>						
<i>At least one of the following</i>	16	32	26	47	17	38
48/52 career break	0	7	9	26	2	15
cashing out	4	5	8	5	5	5
flexible/facilitative	6	7	5	17	6	11
access to single days	9	25	8	6	9	17
SICK LEAVE	56	69	43	61	54	66
<i>Flexible Arrangements</i>						
<i>At least one of the following</i>	39	42	21	31	36	37
all purpose	5	7	9	16	5	10
sick leave unlimited	0	4	1	2	1	3
regular partial payout	6	7	2	1	6	4
payout on termination	15	14	4	5	13	10
bonus incentive	4	4	2	7	4	5
insurance scheme	15	7	4	3	14	6
FAMILY LEAVE	27	56	32	51	28	54
access to other lve	21	45	26	36	21	41
make up time	7	22	7	17	7	20
COMPASS/BEREAVE LEAVE	30	62	55	53	34	58
access to other lve	4	11	6	8	5	9
PARENTAL LEAVE						
extended unpaid parental	1	2	2	3	1	2
Adopt leave	1	2	4	6	1	4

TABLE 3: LEAVE PROVISIONS 1998-99: QUANTUM

	PRIVATE			PUBLIC			TOTAL		
	Agts (%)	Emps (%)	Days	Agts (%)	Emps (%)	Days	Agts (%)	Emps (%)	Days
FAMILY LEAVE									
paid family leave	3	23	4	4	8	5	3	17	4
access to other paid leave	8	19	5	14	12	6	9	16	5
COMPASS/BEREAVE LEAVE									
paid compass/bereave leave	20	46	3	14	19	3	19	35	3
access to other paid leave	1	8	3	3	3	5	2	6	4
PARENTAL LEAVE			Weeks			Weeks			Weeks
paid maternity leave	5	13	4	39	33	4*	10	21	4
paid paternity leave	2	4	2	5	6	1	2	5	1

* - In a large number of cases paid maternity leave is provided by legislation and therefore not apparent in agreement data.

ENTERPRISE BARGAINING ON THE EVE OF THE MILLENNIUM: 1999 IN REVIEW

The calendar year 1999 was another strong year for federal agreement making, with 6,133 agreements formalised, covering an estimated 647,325 employees. While these figures are down slightly from the previous year (see Chart 2), the evidence suggests that smaller enterprises are increasingly taking up the opportunities to enter into certified agreements. This group was slow to engage in formal agreement making during its first few years of operation.

The increased propensity of both small businesses and small units of larger organisations to engage in enterprise bargaining is reflected by the fact that over half of all agreements formalised in 1999 covered less than 20 employees. This represents a considerable turnaround from the period of agreement making before the introduction of the *Workplace Relations Act 1996*, when only one-quarter of all agreements formalised covered less than 20 employees.

There has also been an increase in the number of agreements made directly with employees. Agreements made under section 170LK of the WR Act made up 13 per cent of agreements formalised during the year, compared with a figure of 11 per cent for agreements certified in 1998. Interestingly, the incidence of section 170LK agreements did not vary widely according to agreement size. Thirteen per cent of agreements certified in 1999 that cover less than 100 employees were made under section 170LK, compared to 12 per cent of agreements that cover more than 500 employees.

As was the case last year, the incidence of agreement making was highest in the construction and manufacturing industries, which accounted for 35 per cent and 26 per cent of agreements certified in the year respectively. Agreement making tended to be less common in service orientated industries, such as retail trade, personal and other services and cultural and recreational services. Retail trade, for example, accounted for just 1 per cent of agreements certified in 1999, though these few agreements did represent 13 per cent of all agreement covered employees.

There was also little change in the distribution of agreement making by sector from 1998 to 1999. Eighty-six per cent of agreements certified in 1999 were in the private sector, a figure identical to the 1998 proportion. The employee coverage figure for both 1998 and 1999 was 60 per cent. It is clear that although agreement making was largely the domain of the public sector during its first few years of operation, the private sector is now well and truly engaged in the practice of enterprise bargaining.

Quarterly wage increases have gradually moderated over the course of 1999, albeit only marginally. The March quarter Average Annualised Wage Increase (AAWI) of 3.8 per cent was the highest of the year, dropping to 3.4 per cent in the December quarter. This effectively reverses the pattern of the previous year, when quarterly AAWIs steadily increased from 3.6 per cent in the March quarter to reach a peak of 4.2 per cent in the December quarter.

In each quarter of 1999, the AAWIs for agreement-covered employees in the private sector were higher than those for their public sector counterparts. This is a continuation of a trend that first emerged at the beginning of 1998. AAWIs have been higher for private sector employees for seven of the last eight quarters.

It is worth noting that agreement covered public sector employees do tend to have access to a wider range of flexible and family friendly provisions than their private sector counterparts. For example, public sector agreements tend to have a far higher incidence of provisions such as paid maternity leave, job sharing arrangements, home based work and salary packaging (as was explained in the specialist article in the June quarter 1999 edition of *Trends in Enterprise Bargaining*). It is an issue for further consideration whether public sector employees are more inclined to trade off higher wage increases for enhanced working conditions.

For enquiries regarding this article telephone Oliver Jacques on (02) 6121 7395.

Chart 2: Agreements certified and the number of employees they cover, by quarter, March quarter 1992 to December quarter 1999

