

Trends in enterprise bargaining

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JUNE QUARTER 2000

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JUNE QUARTER – KEY FIGURES

Average Annual Wage Increases Per Employee

| | March quarter 2000 % | June quarter 2000 % | Change % points |
|---------------------------------------|----------------------------|---------------------------|--------------------|
| Wage agreements in the quarter | | | |
| All sectors | 3.4 | 3.4 | 0.0 |
| Private sector | 3.6 | 3.8 | 0.2 |
| Public sector | 3.2(r) | 3.0 | -0.2 |
| All current wage agreements | | | |
| All sectors | 3.6 | 3.6 | 0.0 |
| Private sector | 3.7(r) | 3.8 | 0.1 |
| Public sector | 3.4 | 3.4 | 0.0 |

Note: (r) = Revised since the publication of March-Trends in Enterprise Bargaining.

JUNE QUARTER – KEY POINTS

- There is little evidence of an acceleration in wage pressures based on wage outcomes in federal wage agreements in the June quarter 2000.
- Federal wage agreements formalised in the June quarter 2000 paid an average annualised wage increase (AAWI) of 3.4 per cent per employee, unchanged from the March quarter 2000.
- Private sector AAWI rose by 0.2 percentage points from the March quarter to 3.8 per cent in the June quarter, while the public sector AAWI dropped 0.2 percentage points from the March quarter (revised data) to 3.0 per cent for the June quarter.
- All current federal wage agreements, as at 30 June 2000, paid an AAWI of 3.6 per cent per employee, unchanged from the March quarter. Private sector current wage agreements rose slightly with an AAWI per employee of 3.8 per cent, up 0.1 percentage points from the March quarter (revised data). In the public sector, the AAWI per employee was 3.4 per cent, unchanged from the March quarter.

Information

A survey will also be sent to our subscribers to gain an indication of the level of satisfaction with the report. Please contact either Kelly Munger or Luke Bewley (T. 02 6121 7403) if you do not receive a copy.

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.

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Next release: The September quarter 2000 *Trends in Enterprise Bargaining* report is scheduled for release in late November.

Chart A: Federal wage agreements

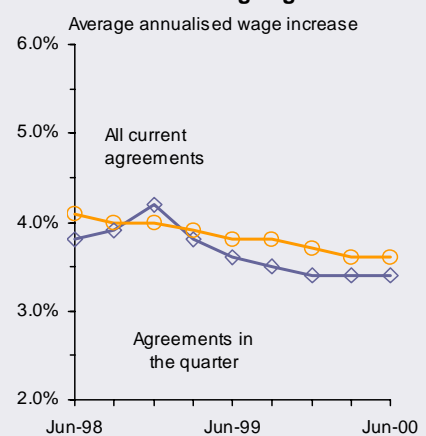
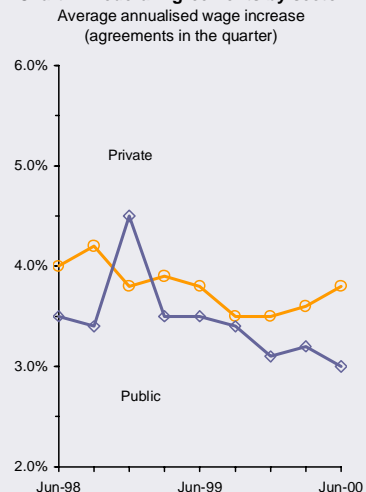


Chart B: Federal Agreements by sector



DEVELOPMENTS IN FEDERAL AGREEMENTS

Pace of agreement making

Federal agreement making continued at a steady rate during the June quarter 2000. There were 1 147 federal enterprise agreements, covering an estimated 118 600 employees formalised by the AIRC and entered on the Department of Employment, Workplace Relations and Small Business' Workplace Agreements Database (WAD) in the June quarter 2000. This brings the total number of federal agreements formalised by the AIRC from October 1991 to the end of June 2000 to just over 32 000.

There were 1 122 federal wage agreements certified in the June quarter, covering an estimated 107 500 employees.

Wage agreements with quantifiable wage increases (see Technical Notes) accounted for 72 per cent of agreements and 73 per cent of employees covered by agreements formalised in the June quarter 2000. This compares with 72 per cent of agreements covering 80 per cent of employees in the March quarter 2000. Non-quantifiable wage agreements accounted for 26 per cent of all agreements in the June quarter 2000 and covered 18 per cent of employees. The remaining two per cent of agreements covered employment conditions only - these covered nine per cent of employees.

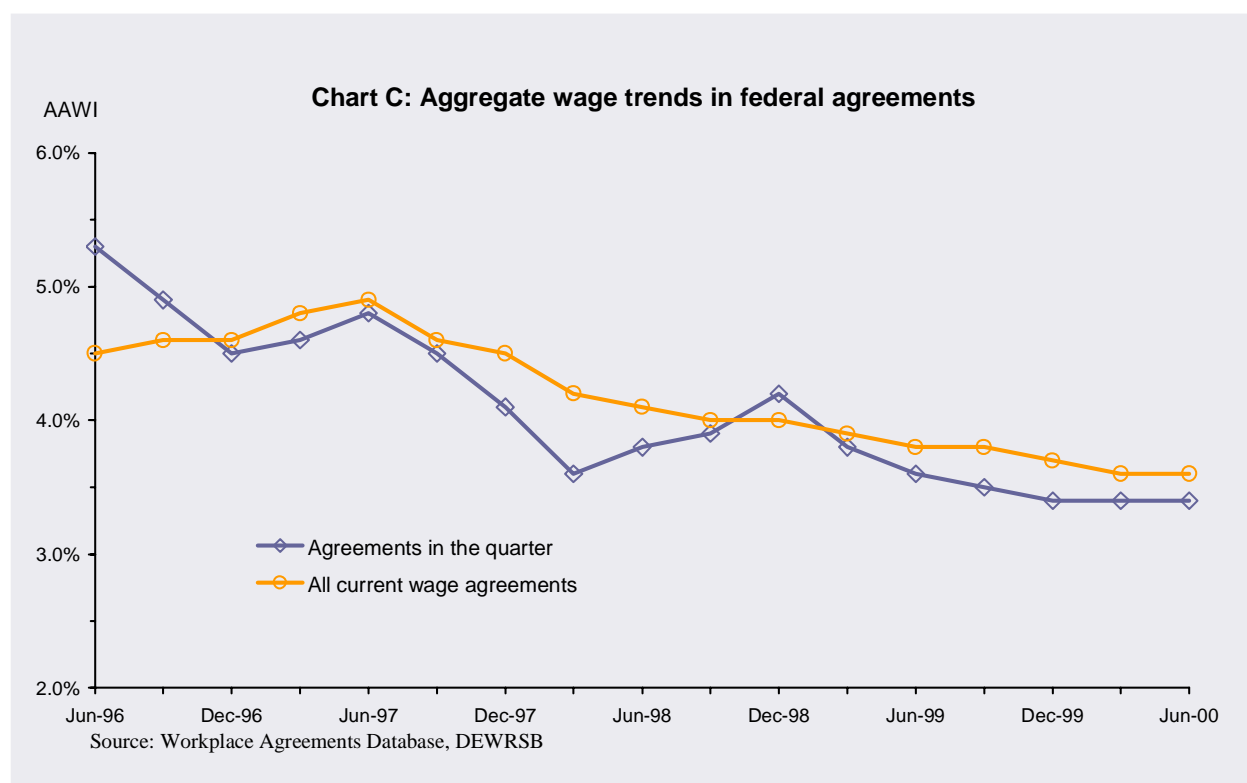
There were at least 8 700 federal wage agreements current at 30 June 2000, covering an estimated 1 333 000 employees.

Average annualised wage increases per employee

Chart C below compares trends over the past four years in the two key wage measures. These are 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 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 annual increase paid by *new* federal agreements, just over one per cent of all employees in Australia are covered in the June quarter's figures. By contrast, the 'all current' AAWI estimate covers a much larger group - 17 per cent of all employees at the end of June 2000.

For agreements formalised in the June quarter 2000, AAWI was 3.4 per cent per employee, unchanged since the December quarter 1999. For all current federal wage agreements at 30 June 2000, AAWI was 3.6 per cent per employee, unchanged from the previous quarter's outcome. Both the 'in the quarter' and the 'all current' series have shown little change over the past 12 months.



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 84% of all new agreements certified in the June quarter. 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.

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TABLE A: FEDERAL WAGE AGREEMENTS, BY INDUSTRY AND SECTOR, JUNE QUARTER 1996 -JUNE QUARTER 2000

| INDUSTRY/SECTOR | 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 | Mar-00 | Jun-00 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Non-metals manufacturing | 141 | 153 | 238 | 124 | 172 | 204 | 182 | 126 | 183 | 200 | 156 | 153 | 172 | 224 | 220 | 171 | 149 |
| Quarter: AAWI per employee (%) | 4.9 | 5.1 | 4.8 | 4.5 | 4.8 | 4.5 | 4.4 | 4.5 | 4.3 | 3.7 | 3.8 | 3.7 | 4.0 | 3.4 | 3.5 | 3.5 | 3.5 |
| Quarter: Employees ('000) | 17.0 | 11.2 | 22.4 | 12.4 | 14.6 | 15.1 | 13.5 | 12.9 | 16.0 | 18.8 | 9.4 | 15.0 | 12.3 | 14.5 | 20.2 | 14.4 | 11.4 |
| Metals manufacturing | 175 | 158 | 134 | 95 | 200 | 228 | 154 | 164 | 158 | 283 | 204 | 246 | 194 | 178 | 183 | 139 | 126 |
| Quarter: AAWI per employee (%) | 5.4 | 5.4 | 5.3 | 5.0 | 5.1 | 4.8 | 4.9 | 4.5 | 4.6 | 4.5 | 4.4 | 4.2 | 3.7 | 3.9 | 4.0 | 3.8 | 3.7 |
| Quarter: Employees ('000) | 16.0 | 14.9 | 15.7 | 9.4 | 16.8 | 25.9 | 11.0 | 15.1 | 15.3 | 23.3 | 18.7 | 16.9 | 11.1 | 16.3 | 18.1 | 7.5 | 8.1 |
| Infrastructure services | 332 | 347 | 423 | 483 | 332 | 828 | 603 | 491 | 534 | 1040 | 1267 | 834 | 657 | 612 | 688 | 596 | 526 |
| Quarter: AAWI per employee (%) | 4.5 | 6.1 | 4.3 | 6.1 | 4.8 | 5.1 | 5.5 | 4.5 | 5.0 | 4.6 | 4.1 | 4.7 | 3.7 | 4.1 | 4.5 | 3.9 | 4.3 |
| Quarter: Employees ('000) | 51.5 | 8.9 | 53.9 | 12.4 | 22.2 | 24.0 | 51.5 | 14.0 | 13.0 | 36.0 | 109.4 | 20.4 | 73.9 | 19.7 | 15.1 | 22.4 | 12.8 |
| Other services | 169 | 237 | 133 | 155 | 153 | 173 | 223 | 218 | 308 | 414 | 405 | 244 | 233 | 358 | 263 | 239 | 234 |
| Quarter: AAWI per employee (%) | 5.6 | 5.0 | 4.4 | 4.1 | 4.8 | 4.3 | 3.9 | 3.6 | 3.7 | 3.9 | 3.4 | 3.3 | 3.6 | 3.3 | 3.2 | 3.2 | 3.1 |
| Quarter: Employees ('000) | 154.0 | 109.4 | 80.2 | 31.4 | 67.1 | 68.3 | 152.2 | 66.3 | 158.2 | 110.9 | 76.9 | 52.1 | 98.1 | 54.3 | 82.1 | 29.9 | 60.4 |
| Government administration | 49 | 95 | 49 | 47 | 76 | 151 | 77 | 86 | 90 | 138 | 85 | 86 | 53 | 87 | 84 | 75 | 60 |
| Quarter: AAWI per employee (%) | 4.6 | 4.2 | 4.2 | 4.3 | 4.5 | 4.0 | 3.2 | 2.5 | 3.2 | 3.3 | 5.8 | 3.8 | 3.1 | 3.1 | 2.9 | 3.0 | 3.6 |
| Quarter: Employees ('000) | 25.9 | 23.1 | 4.5 | 9.0 | 14.2 | 9.5 | 45.0 | 23.9 | 33.0 | 55.6 | 39.2 | 18.1 | 36.7 | 12.1 | 14.6 | 22.5 | 13.8 |
| PUBLIC SECTOR | 124 | 167 | 84 | 76 | 127 | 190 | 152 | 151 | 151 | 265 | 295 | 166 | 147 | 270 | 178 | 173 | 134 |
| Quarter: AAWI per employee (%) | 4.2 | 4.0 | 4.3 | 4.3 | 4.8 | 4.9 | 4.4 | 2.8 | 3.5 | 3.4 | 4.5 | 3.5 | 3.5 | 3.4 | 3.1 | 3.2 | 3.0 |
| Quarter: Employees ('000) | 106.5 | 55.7 | 12.8 | 19.0 | 59.7 | 40.1 | 112.3 | 40.0 | 89.2 | 93.6 | 137.5 | 31.5 | 147.0 | 30.6 | 42.0 | 40.8 | 45.6 |
| All current: AAWI per employee (%) | 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 | 3.4 | 3.4 |
| All current: Employees ('000) | 597.7 | 582.0 | 557.3 | 354.9 | 384.5 | 340.1 | 359.3 | 346.6 | 376.9 | 420.6 | 478.9 | 469.6 | 581.4 | 479.7 | 473.5 | 496.6 | 448.1 |
| PRIVATE SECTOR | 775 | 859 | 922 | 844 | 835 | 1454 | 1123 | 964 | 1162 | 1858 | 1870 | 1425 | 1207 | 1235 | 1289 | 1087 | 988 |
| Quarter: AAWI per employee (%) | 6.1 | 5.4 | 4.5 | 4.7 | 4.8 | 4.3 | 3.9 | 4.0 | 4.0 | 4.2 | 3.8 | 3.9 | 3.8 | 3.5 | 3.5 | 3.6 | 3.8 |
| Quarter: Employees ('000) | 161.7 | 119.1 | 167.1 | 56.6 | 77.4 | 106.7 | 164.5 | 94.5 | 148.7 | 154.1 | 119.7 | 92.5 | 87.0 | 89.4 | 109.7 | 58.0 | 61.9 |
| All current: AAWI per employee (%) | 4.7 | 4.9 | 4.8 | 4.9 | 4.9 | 4.5 | 4.3 | 4.2 | 4.1 | 4.1 | 4.1 | 4.1 | 4.0 | 4.0 | 3.8 | 3.7 | 3.8 |
| All current: Employees ('000) | 600.4 | 644.3 | 763.8 | 705.7 | 732.0 | 675.5 | 759.8 | 743.2 | 816.6 | 777.9 | 852.9 | 877.4 | 909.3 | 909.4 | 941.5 | 921.9 | 884.9 |
| ALL INDUSTRIES | 899 | 1026 | 1006 | 920 | 962 | 1644 | 1275 | 1115 | 1313 | 2123 | 2165 | 1591 | 1354 | 1505 | 1467 | 1260 | 1122 |
| Quarter: AAWI per employee (%) | 5.3 | 4.9 | 4.5 | 4.6 | 4.8 | 4.5 | 4.1 | 3.6 | 3.8 | 3.9 | 4.2 | 3.8 | 3.6 | 3.5 | 3.4 | 3.4 | 3.4 |
| Quarter: Employees ('000) | 268.2 | 174.7 | 179.9 | 75.6 | 137.0 | 146.8 | 276.8 | 134.5 | 237.9 | 247.7 | 257.2 | 123.9 | 234.0 | 120.0 | 151.7 | 98.9 | 107.5 |
| All current: AAWI per employee (%) | 4.5 | 4.6 | 4.6 | 4.8 | 4.9 | 4.6 | 4.5 | 4.2 | 4.1 | 4.0 | 4.0 | 3.9 | 3.8 | 3.8 | 3.7 | 3.6 | 3.6 |
| All current: Employees ('000) | 1198.1 | 1226.3 | 1321.1 | 1060.6 | 1116.5 | 1015.7 | 1119.1 | 1089.8 | 1193.6 | 1198.6 | 1331.8 | 1347.0 | 1490.7 | 1389.1 | 1414.9 | 1418.5 | 1333.0 |

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, DEWRB, 10 August 2000. All estimates are rounded and are subject to revision. Revisions have been made to historical series.

Trends in enterprise bargaining



INSERT

JUNE QUARTER 2000

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This insert for Trends in Enterprise Bargaining looks at, amongst other things, the effect of major agreements on wage outcomes by sector and by industry group. In this report the featured article examines expiring agreements in the construction industry during the nine months to June 2000.

Average annualised wage increases per employee

As previously mentioned, federal wage agreements formalised in the June quarter 2000 paid an average annualised wage increase (AAWI) of 3.4 per cent per employee, unchanged from the December quarter 1999 and March quarter 2000 results. However, this disguises the fact that there was a rise in private sector AAWI of 0.2 percentage points to 3.8 per cent, and that public sector AAWI fell 0.2 percentage points to 3.0 per cent for the quarter. These disparate movements were due primarily to several large agreements that were certified in the quarter. These large agreements are discussed in more detail below.

The effect of major agreements on wage trends

There were 34 large agreements (that is, agreements covering more than 500 employees) approved in the June quarter 2000 compared to 33 large agreements in the previous quarter. These agreements accounted for only three per cent of all agreements approved in the June quarter 2000, but 57 per cent of employees. This is a rise from the March quarter 2000 figures when large agreements accounted for 2.5 per cent of all agreements and 47 per cent of employees.

In the private sector, the largest wage agreement in the June quarter 2000 was the David Jones agreement, covering an estimated 8 200 employees and paying an AAWI of 4.2 per cent. The Harris Scarfe Limited National Employees agreement and the Officeworks Pty Ltd agreement were the next largest private sector agreements, paying an annual increase of 2.8 per cent and 3.1 per cent to an estimated 2 400 and 1 900 employees, respectively.

In the public sector, the largest wage agreement certified in the June quarter 2000 was the Teaching Service (Tasmanian Public Sector) Salaries and Conditions of Employment agreement which covered an estimated 5 600 employees. This provided an unquantifiable wage increase because future wage increases will be determined by increases in the average Australian teaching wage. This was followed by the HSUA Department of Human Services Intellectual Disability Services agreement, which paid an AAWI of 3.0 per cent to an estimated 4 600 employees and the ABC Employment agreement, which covered an estimated 4 300 employees and paid an AAWI of 2.6 per cent.

Table 1 provides details of all the large agreements certified in the June quarter 2000, including details of some of the methods of providing wage increases. Over the coming 12 months a significant number of very large agreements (defined as covering over 2 000 employees) will expire. Very large agreements have a proportionally greater impact on aggregate AAWI per employee than small agreements and account for 63 per cent of all employees covered by currently operating agreements. While most very large agreements are renegotiated, there is often a time lag between expiry, renegotiation and certification.

- Very large agreements, expiring during the second half of 2000 include: retail agreements that together cover 33 400 employees and currently provide AAWIs between 2.8 and 3.9 per cent; a metals manufacturing agreement covering 6 100 employees and providing an AAWI of 5 per cent; finance agreements that together cover 43 800 employees and provide AAWIs of 4.2 per cent; telecommunications agreements that together cover 73 000 employees and provide AAWIs of 4 per cent; and a health agreement covering 10 500 employees and providing an AAWI of 4 per cent.
- Very large agreements expiring during the first half of 2001 include: retail agreements that together cover 68 000 employees and provide AAWIs between 3.2 and 3.7 per cent; an education agreement covering 12 500 employees and providing an AAWI of 4 per cent; and a finance agreement that covers 21 000 employees and provides an AAWI of 4.1 per cent.

Table 1: Large Federal Agreements Certified in June Quarter 2000

| Sector | Title | Durati- on (yrs) | Total Wage (%) | AAWI (%) | Emps | Notes |
|---|---|------------------------|----------------------|-------------|--------------|------------|
| PRIVATE SECTOR | | | | | | |
| Non-Metals Manufacturing | Australia Meat Holdings Pty Limited - Dinmore Enterprise Agreement 2000 | 3.0 | 7.0 | 2.3 | 1320 | 14 |
| | Arnott's Burwood Operations and CSG Enterprise Agreement 2000 | 2.0 | 8.5 | 4.3 | 600 | 5 |
| Metals Manufacturing | Walkers Pty Ltd Certified Agreement 2000 | 2.0 | 8 | 4.25 | 650 | 2,9 |
| Infrastructure Services | Port Pirie Stevedores Bulk & General Stevedores Enterprise Agreement | 3.0 | 18.0 | 6.0 | 860 | 11 |
| Other Services | David Jones Enterprise Agreement 2000 | 2.5 | 10.4 | 4.2 | 8220 | 5, 12, 19 |
| | Harris Scarfe Limited National Employees Enterprise Agreement 1999 | 2.3 | 6.5 | 2.8 | 2390 | 15 |
| | Officeworks Pty Ltd Agreement 2000 | 3.0 | 9.3 | 3.1 | 1890 | 5, 15 |
| | MLC/Lend Lease Financial Services Enterprise Development Agreement 2000 | 1.0 | 5.0 | 5.0 | 1650 | 2, 4, 6 |
| | QBE Mercantile Mutual Limited Certified Agreement 2000 - 2002 | 2.7 | * | * | 1030 | 8 |
| | Retail Supermarket Industry - Coles Australia & Bi-Lo Pty Ltd NSW/ACT Agreement | 3.0 | 10.5 | 3.5 | 990 | |
| | Brightwater Care Group (ALHMCWU) Enterprise Agreement 2000 | 2.2 | 5 | 2.2 | 750 | 19 |
| | Fortis Enterprise Agreement 2000 | 3.3 | 8.5 | 2.6 | 630 | 1, 2, 3, 4 |
| | Gate Gourmet Australia Agreement 2000 | 1.5 | 6 | 4.0 | 630 | |
| | Caterair Sydney Enterprise Agreement 2000 | 2.0 | 7 | 3.5 | 550 | |
| | Link Telecommunications National Call Centres Enterprise Agreement 2000 | 3.0 | 10 | 3.3 | 520 | 2, 13 |
| Total Large Private Sector Agreements | | 2.4 | | 3.8 | 22680 | 20 |
| PUBLIC SECTOR | | | | | | |
| Infrastructure Services | Main Roads Western Australia Enterprise Agreement 2000 - 2001 | 2.0 | 6.0 | 3.0 | 600 | 1 |
| | State Transit Authority of NSW - Senior, Salaried & Admin Officers Agreement 2000 | 2.0 | 6.0 | 3.0 | 550 | |
| Government Administration & Defence | People, Leadership and Performance Improvement Agreement 2000 - 2002 | 2.4 | 8.5 | 3.5 | 3250 | 1, 7 |
| | Department of Foreign Affairs and Trade Certified Agreement 2000 - 2003 | 3.0 | 11.0 | 3.7 | 2040 | |
| | Department of Employment, Workplace Relations & Small Business Agreement 2000 | 2.3 | 8.5 | 3.7 | 1640 | 1, 3 |
| | Bureau of Meteorology - Certified Agreement 2000 - 2001 | 1.7 | 7.0 | 4.1 | 1430 | 3 |
| Other Services | Aboriginal and Torres Strait Islander Commission Certified Agreement 2000 - 2003 | 3.0 | 10.0 | 3.3 | 1260 | 1 |
| | Teaching Service (Tasmanian Public Sector) Salaries & Conds of Employment Agt | 3.0 | * | * | 5650 | 16 |
| | Teaching Service (Tasmanian Public Sector) Transfer & Isolated Locations Incentives | 3.0 | * | * | 5650 | 8 |
| | HSUA Department of Human Services Intellectual Disability Services Agreement 1999 | 2.0 | 6 | 3.0 | 4580 | 5 |
| | ABC Employment Agreement 2000 -2002 | 3.8 | 10 | 2.6 | 4250 | 3, 5, 17 |
| | University of Sydney General Staff Enterprise Agreement 1996 | 3.9 | 2 | 0.5 | 3000 | 10, 18 |
| | University of Sydney (Hours of Work) Industrial Agreement 1995 | 2.0 | * | * | 3000 | 8, 10 |
| | Queensland University of Technology Enterprise Agreement (General Staff) | 3.7 | 12.2 | 3.3 | 2340 | |
| | University of Western Australia Academic Staff Agreement 2000 | 4.1 | 13.5 | 3.3 | 1720 | |
| | University of Technology, Sydney Enterprise Agreement (Academic Staff) 2000 | 3.1 | 12.5 | 4.0 | 1500 | 3 |
| | The Canberra Hospital Nursing Staff Agreement 1999 - 2001 | 2.0 | 2.3 | 1.1 | 1200 | 7 |
| Tasmanian Tafe Teachers' Salaries and Conditions of Employment Agreement 2000 | 3.0 | * | * | 860 | 16 | |
| Calvary Hospital Nursing Services Certified Agreement 2000 - 2001 | 1.0 | 0.0 | 0.0 | 530 | 7 | |
| Total Large Public Sector Agreements | | 2.9 | | 2.9 | 45050 | 20 |
| Total Large Agreements | | 2.8 | | 3.2 | 67730 | 20 |

Source: Workplace Agreements Database, DEWRSB

- Notes:
- Part or all of the wage increase is awarded on meeting defined targets
 - Individual performance assessed and remunerated
 - One-off bonus
 - Performance pay 'pool' in place
 - New classification structure to be introduced
 - Employee share ownership scheme in place
 - Employees will receive a part of any savings made during the agreement
 - Conditions only agreement - No wage provisions eg. Redundancy agreement or Teacher's transfer agreement
 - Extra Wage increases if CPI is greater than Wage increases (taking into account the effect of personal tax cuts)
 - Agt covered non-academic staff at Sydney Uni from 7/6/96. Replaced 1/9/99. Terminated 20/4/2000.
 - Increases to standard hours - overtime awarded after 1575 hours/year. Increases vary over grades - calculated on Grade 4 (100%).
 - Renegotiation lag - earlier agt expired 28/2/99. Last increase 28/9/98. Higher AAWI in new agreement offsets year without increases.
 - Agreement to be re-opened or reviewed if CPI greater than wage increases
 - Renegotiation lag - earlier agt expired 23/5/98 Last increase 23/4/96. Agt also introduces flexible days & hours of work.
 - Pay increases are not compounded - percentage increase is calculated from base rate i.e. simple interest only
 - Future wage increases to be modified by industry standard. First Year AAWI - 2.9, & 2.3 Non quantifiable.
 - Employees under 35 & 36 hour week translated to 38 hours. Agt introduces flexible hours of work and restricts overtime.
 - While the agreement operated from 1996 until replaced in 1999, wage increases impacted on the June 2000 Qtr AAWI due to certification date
 - Pay increases vary across classification structure. Level with the greatest number of emps measured for wage increases.
 - Duration and AAWI are weighted by quantifiable emps. Total employee nos. include all large agts (inc non-quantifiable agts)

Average annualised wage increases per agreement

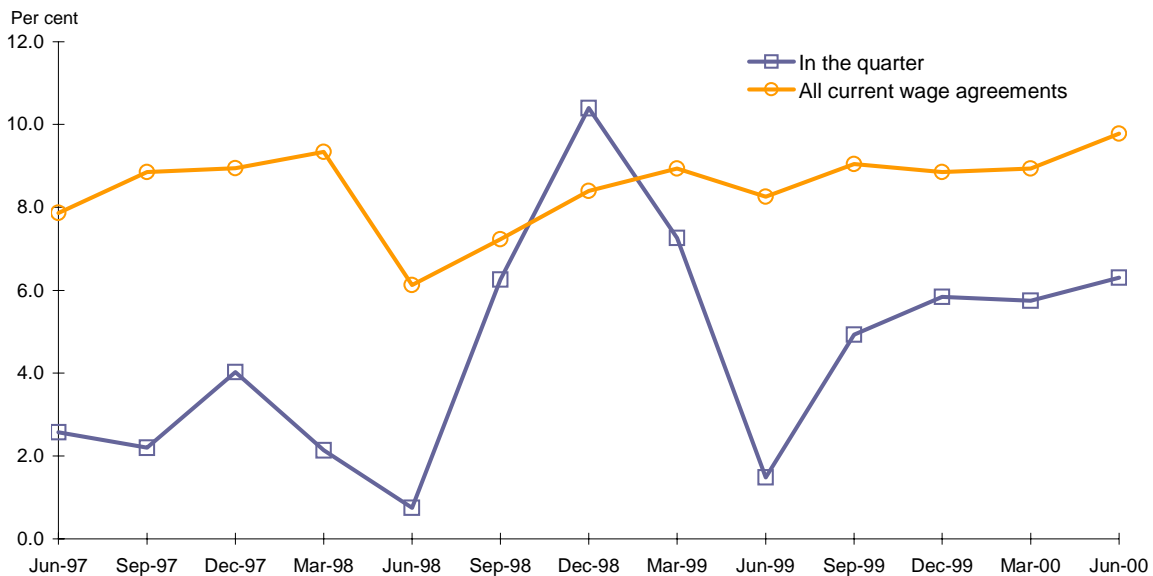
Federal wage agreements formalised in the June quarter 2000 paid an AAWI per agreement of 4.1 per cent, unchanged from the March quarter 2000 figure. Private sector wage agreements paid an AAWI of 4.2 per cent per agreement in the June quarter 2000, while public sector wage agreements paid average annual increases of 3.2 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.

Inflation-related clauses in agreements

The WAD contains information on whether federal workplace agreements have clauses which allow for: full indexation of wage increases in line with CPI increases; partial indexation of wage increases depending on whether the percentage wage increase provided by the agreement is higher than the CPI percentage; a specific GST formula or the effects of net CPI; or the re-opening of wage negotiations where CPI increases are higher than anticipated. The historical application of these CPI related clauses in certified agreements, is indicated in Chart 1.

The proportion of all employees covered by wage agreements which provide for CPI related clauses had risen only slightly in the lead-up to the introduction of the GST on 1 July 2000. Of all employees covered by wage agreements formalised in the March quarter 2000, 5.7 per cent were covered by such an agreement. In the June quarter 2000 this proportion had risen to 6.3 per cent. Of employees covered by these agreements, almost 60 per cent were covered by agreements with re-opening clauses (described above). This proportion remained stable for the March quarter 2000 and the June quarter 2000.

Chart 1: Proportion of employees covered by wage agreements with automatic or partial adjustment for increase in CPI



Note: There have been slight revisions to the historical series.
 Source: Workplace Agreements Database, DEWRSB

The number of agreements containing CPI related clauses has risen: of agreements certified in the June quarter 2000, 162 contained such clauses. This compares with a total of 143(r) in the March quarter 2000. The rise in the June quarter 2000 is due to a rise in the number of agreements that contain clauses referring to the re-opening of wage negotiations where CPI increases are higher than anticipated. These had risen from 60 during the March quarter 2000 to 104 during the June quarter 2000. The number of agreements allowing for either partial or full indexation, or using an inflation based formula, fell from 83 to 58 for the same periods.

Although only around six percent of employees covered by federal wage agreements formalised so far in 2000 are covered by CPI related clauses, such clauses are more common in particular industries. Thus, for agreements certified in the June quarter 2000, 52 per cent of the agreements containing CPI clauses (covering 25 per cent of all employees covered by such clauses in the quarter) were from the construction industry and a further 27 per cent (covering 44 per cent of employees covered by such clauses) were from manufacturing.

WAGE TRENDS BY SECTOR

Private sector wage trends

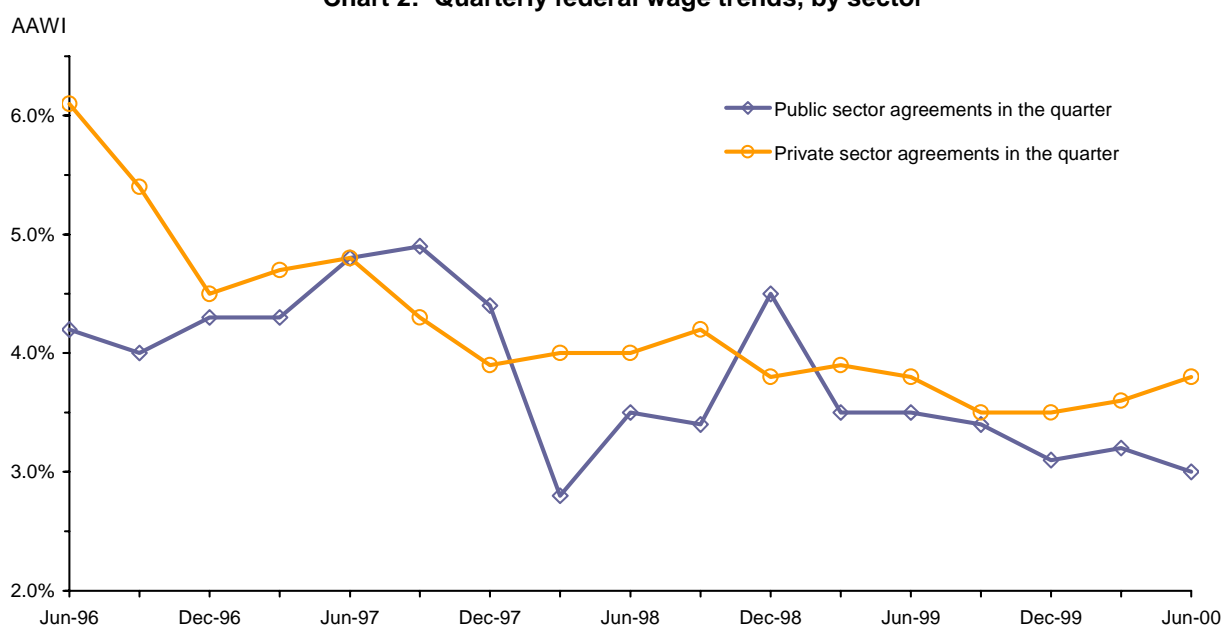
At least 980 federal private sector wage agreements, covering an estimated 61 900 employees, were formalised by the AIRC in the June quarter 2000. This represents a broadly similar level of agreements formalised and employees covered in the private sector as were recorded in the March quarter 2000. On average, private sector agreements certified in the June quarter 2000 paid an annualised wage increase of 3.8 per cent per employee, up 0.2 percentage points from the March quarter 2000. There was a broad range of wage bargaining outcomes in the private sector in the June quarter 2000, particularly among the large agreements. This rise in the private sector agreements was affected by the David Jones agreement, which provided an average wage increase of 4.2 per cent. However, there has been a considerable length of time between the effective dates of the wage increases (called a renegotiation lag). The effective date of the last increase under the previous David Jones agreement was 28 September 1998, while the effective date of the first increase under the new agreement is 1 February 2000. The higher than average AAWI is intended to compensate for the period of time without a wage increase.

Other agreements approved in the quarter were the Port Pirie Stevedores Bulk & General Stevedores agreement and the MLC/Lend Lease Financial Services agreement. The Port Pirie Stevedores Bulk & General Stevedores agreement provides for a total wage increase of 18 per cent for the three year term of the agreement. This has been in exchange for changes to the standard hours of work and the operation of overtime.

In addition to the several large agreements mentioned previously, moderate outcomes were provided by the Brightwater Care Group (ALHMWU) agreement which paid an AAWI of 2.2 per cent to an estimated 800 employees and the Australian Meat Holdings Pty Ltd – Dinmore agreement which paid an estimated 1 300 employees an AAWI of 2.3 per cent. These outcomes contrast with above average wage outcomes in the Port Pirie Stevedores Bulk & General Stevedores agreement, which paid an AAWI of 6.0 per cent to an estimated 900 employees, and the MLC/Lend Lease Financial Services agreement, which paid an AAWI of 5.0 per cent to an estimated 1 700 employees.

The AAWI for all private sector agreements current at 30 June 2000 was 3.8 per cent per employee, up slightly from the revised March quarter 2000 result.

Chart 2: Quarterly federal wage trends, by sector



Source: Workplace Agreements Database, DEWRSB

Public sector wage trends

In the June quarter 2000, there were at least 130 federal public sector wage agreements, covering an estimated 45 600 employees, formalised by the AIRC. These agreements paid an average annualised wage increase of 3.0 per cent per employee, down from the previous quarter's revised result of 3.2 per cent. This can be partly attributable to the Tasmanian TAFE Teachers agreement and the Tasmanian Public Sector Teaching Service agreement (mentioned above) which were unable to be quantified as future wage increases will be determined by the average increase received by teachers Australia-wide.

In addition, there were three other large agreements certified in the June quarter 2000 that provided lower wage increases: University of Sydney General Staff agreement, Canberra Hospital Nursing Staff agreement and Calvary Hospital Nursing Services agreement. The University of Sydney General Staff agreement provided for one wage increase of two per cent; it would operate until replaced in September 1999. The Canberra Hospital Nursing Staff agreement provided for two fixed wage increases totalling 2.3 per cent with additional lump sum payments up to 1.7 per cent of total nursing wages expenditure distributed each year as part of a gain-share bonus payment. The Calvary Hospital Nursing Services agreement provides for salary increases where "parties will work co-operatively towards a payrise through productivity measures which deliver cashable savings resulting from work place change requiring direct staff involvement." These savings will be passed on in the form of salary increases. There are no funded increases in this agreement.

As can be seen from Table 1, there is a substantial difference between the AAWIs for the public sector large agreements (2.9 per cent) and the private sector large agreements (3.8 per cent), which have flowed through to the total AAWIs for the private and public sector quarterly results.

For all federal public sector wage agreements current at 30 June 2000, the AAWI per employee was 3.4 per cent, unchanged from the previous quarter.

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 June quarter 1996.

As can be seen from Table A, the AAWIs per employee in each of the five industry groups produced various results when compared with the previous quarter's results. Government administration recorded the largest movement this quarter with the AAWI rising 0.6 percentage points. The infrastructure services industry increased 0.4 percentage points, while metals manufacturing and other services industries fell slightly and non-metals manufacturing remained unchanged.

Infrastructure services

Average wage outcomes in this broad industry group in the June quarter 2000 measured 4.3 per cent per employee, up from 3.9 per cent in the March quarter 2000. The number of wage agreements formalised in the quarter fell as did employee coverage. The June quarter 2000 saw 526 wage agreements certified covering an estimated 12 800 employees, while in the March quarter 2000 596 wage agreements were certified covering an estimated 22 400 employees. In the March quarter 2000 there were four large agreements covering an estimated 7 200 employees, while in the June quarter 2000 there have only been two large agreements covering an estimated 1 200 employees. The transport and storage and electricity, gas and water supply industries experienced large declines in the number of employees covered by agreements this quarter. This would explain to some degree the large fall in the number of employees in this industry.

Average wage outcomes within the industries comprising this broad industry group were varied when compared with the previous quarter. Wage outcomes ranged from: 4.2 per cent for transport and storage (up considerably from the 3.1 per cent AAWI recorded in the previous quarter); 4.2 per cent for electricity, gas and water supply (up from 4.0 per cent); 4.3 per cent for construction (down from 4.8 per cent the previous quarter); and 4.5 per cent for communications service industry (no agreements were certified in the previous quarter).

Government administration

The AAWI per employee in government administration rose to 3.6 per cent for the June quarter 2000, from the March quarter 2000 result of 3.0 per cent. The improved result was assisted by five large agreements, all of which provided for wage increases above the quarterly result for the total public sector (see Table 1). The number of wage agreements formalised in this industry fell from 75 in the March quarter 2000 to 60 in the June quarter 2000 and the number of employees covered fell to an estimated 13 800.

Other services

In other services, the AAWI per employee fell slightly to 3.1 per cent in the June quarter 2000. Within this industry group the major AAWI movements were in the accommodation, cafes and restaurants and the wholesale trade industries, which recorded increases of 1.3 percentage points and 1.2 percentage points respectively in the June quarter 2000. The number of wage agreements formalised in this broad industry group declined slightly from 239 agreements in the March quarter 2000 to 234 agreements in the June quarter 2000, while employees covered increased from an estimated 29 900 in the March quarter 2000 to 60 500 in the June quarter 2000.

Metals manufacturing

The number of wage agreements formalised in this industry group decreased from 139 agreements, covering an estimated 7 500 employees in the March quarter 2000, to 126 agreements, covering an estimated 8 100 employees in the June quarter 2000. The metals manufacturing wage agreements formalised in the June quarter 2000 paid an AAWI of 3.7 per cent per employee, down from the March quarter 2000 AAWI of 3.8 per cent per employee.

Non-metals manufacturing

The non-metals manufacturing wage agreements for the June quarter 2000 paid an AAWI of 3.5 per cent per employee, unchanged from the March quarter 2000 result. The number of wage agreements formalised in the quarter fell from 171 in the March quarter 2000 to 149 in the June quarter 2000, with a fall in employee coverage from an estimated 14 400 employees to an estimated 11 400 employees.

EXPIRING FEDERAL WAGE AGREEMENTS IN CONSTRUCTION

Background

Different industries have different average wage outcomes for a variety of reasons, including economic conditions, levels of employers' profitability and trends in productivity. Another factor that can also affect wage outcomes within a sector is the impact of coordinated industrial negotiations resulting in agreements having identical wage provisions and identical conditions. These agreements are known as 'pattern agreements'.¹

As our feature article in March Quarter 2000 Trends in Enterprise Bargaining showed, agreements which are identical are typically concentrated in certain industries. This article extends that analysis by examining agreements expiring in the construction industry during the nine months to June 2000.

Expiring Pattern Agreements: Impact on current agreements and AAWI

Examination of trends in the expiry of large or pattern agreements within a sector can be important to understanding significant movements in either the levels of agreements that are current in a particular quarter or in the AAWIs that are paid. This issue is explored by examining the experience in the construction sector where the expiry and renegotiation of pattern agreements has been an important influence on the incidence of current construction agreements and trends in AAWIs paid in this sector.

Between 1 October 1999 and 30 June 2000, a total of 3 767 construction agreements covering 42 900 employees expired. These agreements represented 73 per cent of all construction agreements current at 30 September 1999 and 63 per cent of all employees under construction agreements current at 30 September 1999. Over the same period in the preceding year, expiring construction agreements made up just 11 per cent of agreements current at 30 September 1998 and 16 per cent of employees party to those agreements. Analysis of the construction agreements expiring in the nine months to

¹ The nature of 'pattern bargaining' is subject to multiple interpretations. For the purpose of this article, pattern agreements are those agreements with identical wording, wage provisions and expiry dates.

June 2000 reveals that 76 per cent were identified on the WAD as pattern agreements. These pattern agreements covered 62 per cent of employees party to expiring agreements. This high proportion of pattern agreements reflects both the concentration of pattern agreements in the construction industry and the fact that many of these pattern agreements expired in the nine months to 30 June 2000.

Pattern agreements in the construction division tend not to cover the entire division; rather, they cover sections or regions of the industry. The largest pattern agreement reached since 1996 (measured against both agreement numbers and employee numbers) - the CFMEU Victorian Construction pattern - expired on 30 November 1999. As Table 2 shows, this pattern was made up of 1 759 agreements and covered an estimated 14 600 employees. The pattern provided an AAWI of 7.5 per cent. In addition, 252 agreements from the NSW CFMEU Construction pattern, covering 3 400 employees (AAWI of 7.5 per cent) and 138 CEPU Construction agreements covering 1 500 employees (non-quantifiable agreements) both expired on 30 September 1999.

The combined impact of these expiring pattern agreements resulted in a fall in the number of current construction agreements from 5 147 at 30 September 1999 to 2 529 at 31 December 1999.²

The CFMEU Victorian construction pattern has been replaced by a new pattern. The new agreement provides an AAWI of 5 per cent over 3 years, together with the introduction of a 36-hour week arrangement using rostered days off. The NSW CFMEU pattern agreement has also been replaced. Agreements reflecting this new pattern began to be certified in the March quarter 2000. Two replacement patterns grant an AAWI of either 4.0 or 4.2 per cent over 3 years and also provide for a review of the agreement in the event that the percentage increase in the CPI is greater than the percentage increase in wages under the agreement.

Table 2: Expiring pattern agreements in the Construction Division

| Pattern Title | No of Agts | No of Emps | Expires | AAWI |
|-----------------------------------|------------|------------|-----------|-----------|
| CFMEU Vic Construction | 1 759 | 14 600 | 30 Nov 99 | 7.5 |
| CFMEU Vic Construction# | 0 | 0 | 30 Nov 02 | 5.0 |
| CFMEU NSW Construction | 252 | 3 400 | 30 Sep 99 | 7.5 |
| CFMEU NSW Construction* | 25 | 850 | 30 Sep 02 | 4.2 |
| CFMEU NSW – Steel fixing* | 57 | 1 400 | 30 Sep 02 | 4.0 |
| CEPU Construction | 138 | 1 500 | 30 Sep 99 | NQ |
| CEPU 1997 Electrical Contractors | 537 | 7 000 | 1 Jan 00 | 4.3 |
| CEPU 1998 Electrical Contractors | 293 | 2 700 | 1 Jan 00 | 4.1 |
| CEPU 2000 Electrical Contractors* | 359 | 4 300 | 1 Jan 03 | 5.0 |
| AMWU Onsite Construction | 139 | 900 | 30 Jun 00 | 6.0 |
| AFMEPKIU Onsite Construction 2000 | 52 | 955 | 31 Oct 02 | 4.9 |
| CFMEU Carpet Laying | 30 | 300 | 31 Jul 00 | 7.5 |
| QLD Fertilizer project (X3) | 220 | 7 300 | 31 Jul 00 | 4.9 – 6.0 |

These agreements replace earlier agreements. Agreements from this pattern were first certified in July 2000

* These agreements replace earlier agreements. Only some replacement agreements have been certified to date.

NQ = non quantifiable agreements.

SOURCE: Workplace Agreements Database

On 1 January 2000, around 293 agreements from the 1998 CEPU/Victorian Electrical Contractors pattern expired. These agreements paid an AAWI of 4.1 per cent to around 2 700 employees. On the same day, a further 537 agreements from the 1997 CEPU/Victorian Electrical Contractors pattern expired. These agreements paid an AAWI of around 4.3 per cent to another 7 000 employees.

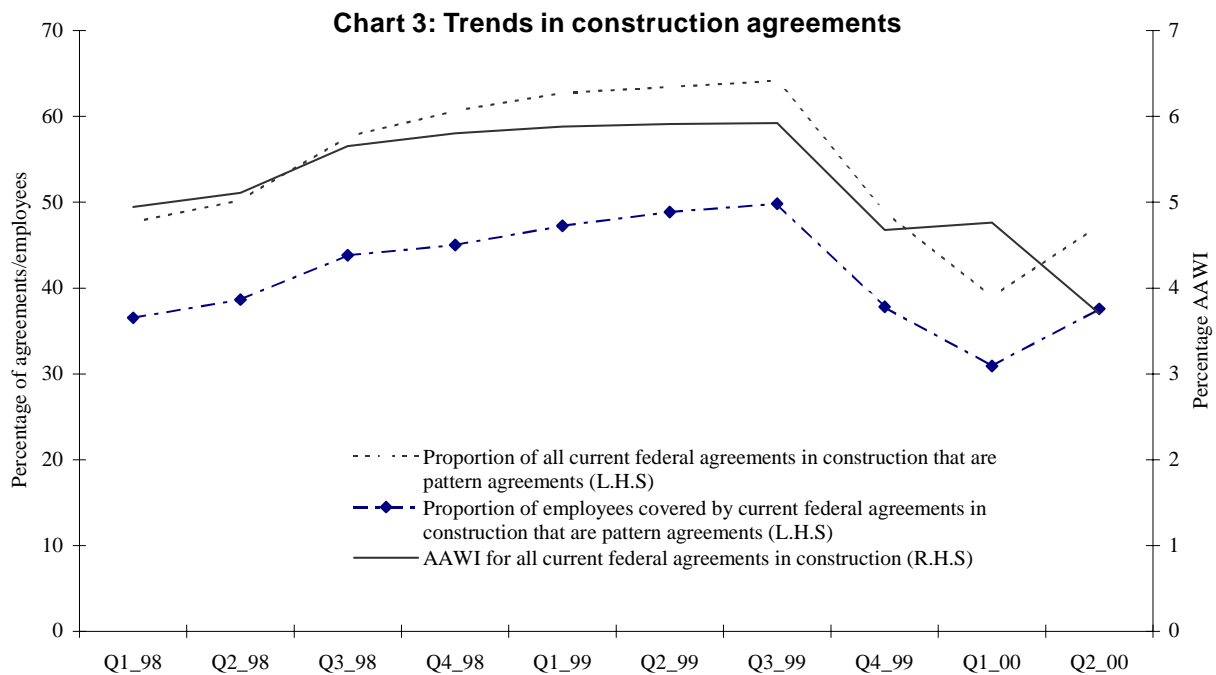
The expiring Electrical Contracting agreements contributed to the fall in the number of construction agreements current at 31 March 2000 to a total of 1 856 agreements. This was the lowest number of current construction agreements

² Agreements expiring on the last day of a quarter are deemed 'current' on that day. Thus agreements expiring on 30 September 1999 are current on the last day of the September quarter 1999 and formally expire in the December quarter 1999.

measured since 31 March 1998 and an important cause of this fall was the expiry of large numbers of pattern agreements in the December and March quarters. However, as most of these pattern agreements have been renegotiated, it is evident that this reduction represents a regular part of the re-negotiation cycle. This is suggested by the modest increase (324 agreements) in the number of current construction agreements to 2180 - measured at 30 June 2000. As the remaining renegotiated pattern agreements are certified, the total number of current agreements will steadily increase.

The Victorian Electrical Contractors pattern has already been renegotiated and by the end of the June quarter 2000, 359 of the replacement agreements had been certified covering 4 300 employees. The new agreements provide wage increases of more than 14 per cent over nearly 3 years (or an AAWI of about 5 per cent). In addition, they include a clause allowing the issue of extra hours to be the subject of continuing negotiation. In effect, the new Victorian Electrical Contracting pattern mirrors the CFMEU Victorian construction agreement with regard to working hours, providing for the same 36-hour week arrangements.

Pattern agreements can create wage pressures on particular sectors and/or regions of industry. Chart 3 shows that AAWIs in the construction sector eased as the proportion of pattern agreements in the construction sector declined. As the Victorian CFMEU construction pattern agreements expired on 30 November 1999, these agreements ceased to contribute their higher than average wage outcomes (7.5 per cent) to the aggregate construction AAWI. As a result, the aggregate construction AAWI declined markedly in the December quarter 1999. As the Electrical contracting pattern agreements expired in the March quarter 2000, the proportion of current construction agreements that were patterns was reduced and the number of current construction agreements declined. At the same time, renegotiated pattern agreements in NSW provided AAWIs in the order of 4.1 per cent, down from the 7.5 per cent provided in the replaced pattern; AAWIs declined again in the June quarter 2000. This chart indicates that there is a relationship between the proportion of pattern agreements in the construction division and AAWIs provided in that division.



SOURCE: Workplace Agreements Database

Conclusion

In the nine months between 1 October and 30 June 2000 a number of construction pattern agreements have expired. Many of these pattern agreements have subsequently been renegotiated and some agreements have been certified. As these certifications occur, these new agreements are expected to contribute to the aggregate construction AAWIs at levels of around 5 per cent per annum.

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