

Trends in enterprise bargaining

**EMBARGO: 11.30AM (EST)
FRIDAY
26 NOVEMBER 1999**

SEPTEMBER QUARTER 1999

ISSN 1442-5432

SEPTEMBER QUARTER – KEY FIGURES

	June quarter	September quarter	Change
Wage agreements in the quarter			
AAWI per employee - All sectors	3.6%	3.5%	-0.1 pts
AAWI per employee - Private sector	3.8%	3.6%	-0.2 pts
AAWI per employee - Public sector	3.5%	3.5%	0.0 pts
All current wage agreements			
AAWI per employee - All sectors	3.8%	3.8%	0.0 pts
AAWI per employee - Private sector	4.0%	4.0%	0.0 pts
AAWI per employee - Public sector	3.6%	3.6%	0.0 pts

Note: AAWI = Average Annualised Wage Increase

SEPTEMBER QUARTER – KEY POINTS

- Federal wage agreements formalised in the September quarter 1999 paid an average annualised wage increase (AAWI) of 3.5% per employee, down from 3.6% for the June quarter 1999.
- The lower outcome for agreements certified in the September quarter was primarily due to the decline in AAWI for new private sector agreements.
- In the private sector, average annualised wage increases declined from 3.8% per employee in the June quarter to 3.6% per employee in the September quarter 1999. In the public sector the AAWI for September quarter wage agreements was unchanged at 3.5% for the third quarter in succession.
- All current federal wage agreements, as at 30 September 1999, paid an AAWI of 3.8% per employee, unchanged from the June quarter. The AAWIs per employee for all current public and private sector wage agreements were similarly unchanged from the June quarter 1999.

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.

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Next release: The December quarter 1999 *Trends in Enterprise Bargaining* report is scheduled for release in late February. Subscribers will note that there is a feature article included in this report – "Contract of Employment Provisions". Planned topics for articles to appear in future editions of *Trends in Enterprise Bargaining* include:

- Characteristics of section 170LK agreements.
- Expiring agreements.

Chart A: All wage agreements
Average annualised wage increase

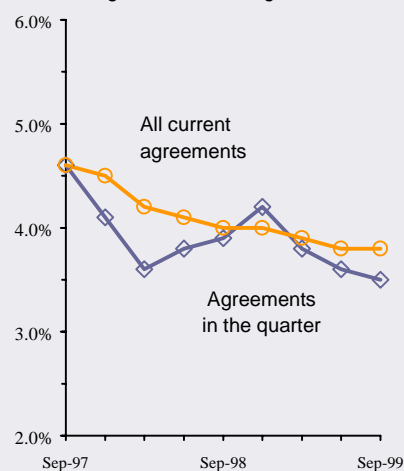
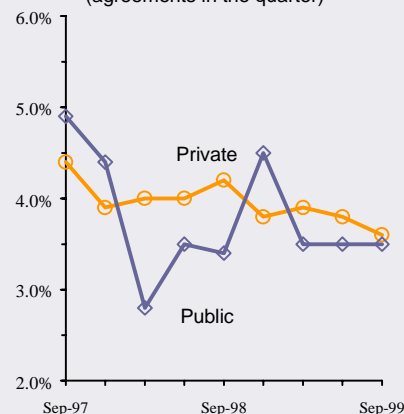


Chart B: Agreements by sector
Average annualised wage increase (agreements in the quarter)



DEVELOPMENTS IN FEDERAL AGREEMENTS

Pace of agreement-making

More than 1,560 federal enterprise agreements, covering an estimated 122,700 employees, were formalised by the AIRC and entered on the WAD in the September quarter 1999. This brings the total number of federal agreements formalised by the AIRC from October 1991 to the end of September 1999 to almost 28,000.

There were 1,491 wage agreements certified in the September quarter, covering an estimated 114,200 employees.

Wage agreements with quantifiable wage increases accounted for 64% of agreements and 75% of employees covered by agreements formalised in the September quarter 1999. (This compares with revised data for the June quarter 1999 when quantifiable wage agreements accounted for 67% of all agreements and covered 91% of employees). Non-quantifiable wage agreements accounted for 31% of all agreements in the September quarter and covered 18% of employees. The remaining 5% of agreements were conditions only and these covered 7% of employees.

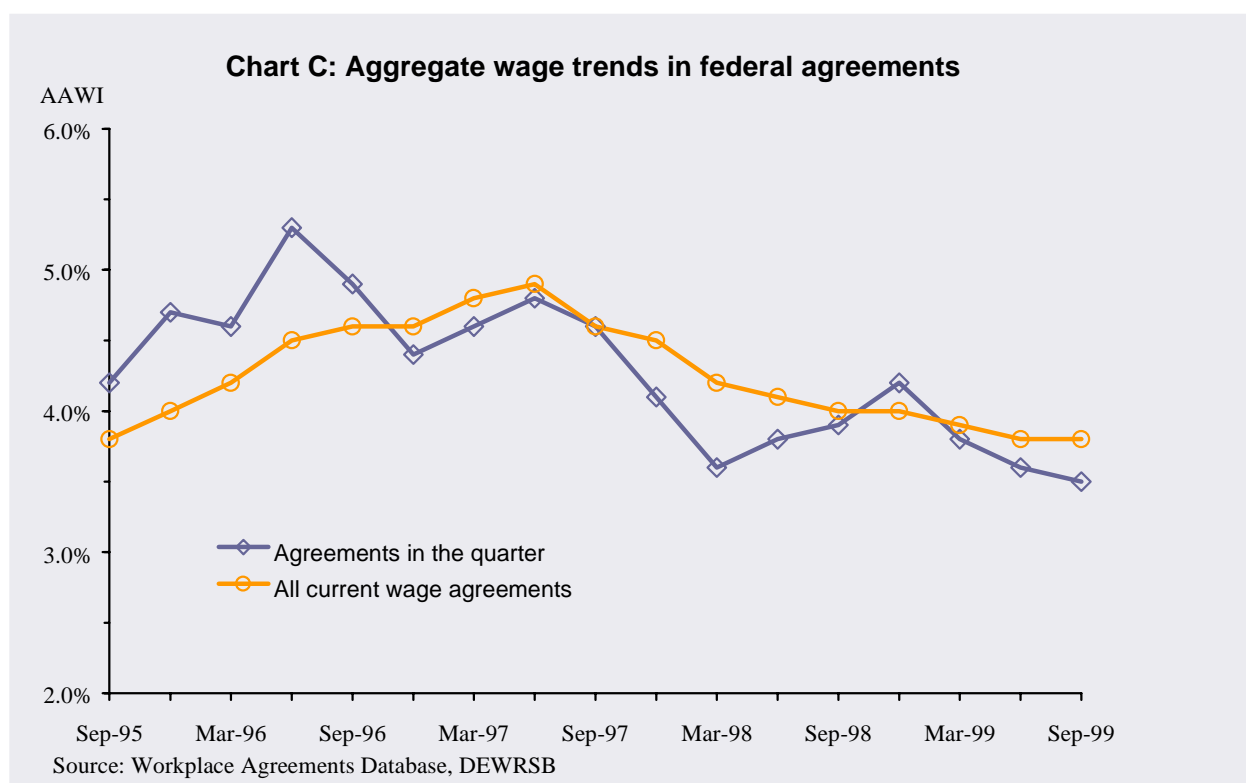
There were at least 11,420 federal wage agreements current at 30 September 1999, covering an estimated 1,383,400 employees.

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 September quarter's figures. By contrast, the all-current AAWI estimate covers a much larger group — 19% of all employees at the end of September 1999.

For agreements formalised in the September quarter 1999, AAWI was 3.5% per employee, down 0.1 percentage points from 3.6% in the June quarter 1999. For all current federal wage agreements at 30 September 1999, AAWI was 3.8% per employee, unchanged from the previous quarter's outcome. As Chart C shows, there is no evidence of any upward pressure on wage outcomes in the federal bargaining sector at the moment. The 'all current' series is unchanged and the 'in the quarter' series has declined for the third quarter in succession.



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 85% of all new agreements certified in the September 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 1: FEDERAL WAGE AGREEMENTS, BY INDUSTRY AND SECTOR, TO THE SEPTEMBER QUARTER 1999

INDUSTRY/SECTOR	Sep-95	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
Non-metals manufacturing	185	223	192	142	155	236	123	172	201	180	117	171	203	154	139	165	218
Quarter: AAWI per employee (%)	4.9	4.4	5.1	4.9	5.1	4.8	4.5	4.8	4.5	4.4	4.6	4.4	3.7	3.9	3.8	4.2	3.5
Quarter: Employees ('000)	15.2	16.7	20.3	17.0	11.2	22.4	12.4	14.6	14.9	13.4	12.2	14.8	18.6	8.9	14.3	11.5	14.0
Metals manufacturing	149	163	113	174	158	134	96	200	226	152	164	158	273	217	265	193	175
Quarter: AAWI per employee (%)	5.1	5.1	5.4	5.4	5.5	5.3	5.0	5.1	4.8	4.9	4.5	4.6	4.4	4.4	4.3	3.7	3.9
Quarter: Employees ('000)	30.3	21.1	9.3	15.9	14.9	15.7	9.5	16.8	25.9	10.9	15.1	15.2	22.6	19.5	17.6	10.9	15.6
Infrastructure services	245	300	353	332	347	423	483	332	822	549	484	521	1044	1250	809	658	612
Quarter: AAWI per employee (%)	5.0	5.2	5.7	4.5	6.2	4.3	6.1	4.8	5.1	5.4	4.6	5.2	4.7	4.1	4.6	3.7	4.1
Quarter: Employees ('000)	14.6	94.6	54.4	51.2	8.9	53.9	12.4	22.2	23.8	50.4	13.9	12.9	36.2	109.3	19.7	73.9	16.7
Other services	201	174	375	168	236	135	155	153	186	242	238	330	421	418	264	250	362
Quarter: AAWI per employee (%)	4.3	4.0	4.0	5.6	5.0	4.4	3.9	4.8	4.4	4.0	3.6	3.8	3.8	3.4	3.3	3.6	3.4
Quarter: Employees ('000)	43.2	67.4	148.4	154.0	109.4	79.8	30.5	67.1	69.3	153.7	67.8	159.6	117.4	77.5	52.7	98.8	53.8
Government administration	64	60	71	49	95	47	46	76	150	72	83	90	137	85	84	52	80
Quarter: AAWI per employee (%)	3.8	4.2	4.9	4.6	4.2	4.2	4.5	4.5	4.0	3.2	2.5	3.2	3.3	5.8	3.8	3.1	3.1
Quarter: Employees ('000)	152.1	12.8	17.2	25.9	23.1	4.3	8.4	14.2	9.5	44.9	23.5	33.0	48.9	39.2	18.4	36.7	11.5
PUBLIC SECTOR	212	155	290	124	168	84	75	127	189	152	150	151	265	295	161	139	265
Quarter: AAWI per employee (%)	3.9	4.9	4.4	4.2	4.0	4.3	4.4	4.8	4.9	4.4	2.8	3.5	3.4	4.5	3.5	3.5	3.5
Quarter: Employees ('000)	189.9	113.5	171.0	106.5	55.8	12.8	18.4	59.7	40.1	112.3	39.9	89.2	93.6	137.5	31.2	146.2	30.4
All current: AAWI per employee (%)	3.6	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	3.8	3.6	3.6
All current: Employees ('000)	366.7	444.7	559.5	597.7	582.2	557.3	354.3	384.0	339.6	359.0	345.8	376.2	420.3	478.5	469.0	580.4	478.6
PRIVATE SECTOR	647	782	844	774	859	920	844	835	1456	1079	965	1159	1862	1881	1433	1226	1226
Quarter: AAWI per employee (%)	4.9	4.6	5.1	6.1	5.4	4.5	4.6	4.8	4.4	3.9	4.0	4.0	4.2	3.8	3.9	3.8	3.6
Quarter: Employees ('000)	67.0	103.6	81.4	161.3	118.9	166.5	55.7	77.4	107.2	164.6	94.8	148.7	153.1	120.6	93.4	87.7	83.8
All current: AAWI per employee (%)	4.0	4.2	4.2	4.7	4.9	4.8	4.9	4.9	4.5	4.3	4.2	4.1	4.2	4.1	4.1	4.0	4.0
All current: Employees ('000)	496.9	525.8	481.4	599.1	642.8	761.8	702.7	729.0	673.1	757.5	742.2	815.5	775.4	851.7	876.8	909.5	904.9
ALL INDUSTRIES	859	937	1134	898	1027	1004	919	962	1645	1231	1115	1310	2127	2176	1594	1365	1491
Quarter: AAWI per employee (%)	4.2	4.7	4.6	5.3	4.9	4.4	4.6	4.8	4.6	4.1	3.6	3.8	3.9	4.2	3.8	3.6	3.5
Quarter: Employees ('000)	256.9	217.1	252.4	267.9	174.7	179.3	74.1	137.0	147.3	276.9	134.7	237.9	246.7	258.1	124.5	233.9	114.2
All current: AAWI per employee (%)	3.8	4.0	4.2	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
All current: Employees ('000)	863.5	970.5	1040.9	1196.9	1225.0	1319.1	1057.1	1113.0	1012.7	1116.5	1087.9	1191.7	1195.8	1330.3	1345.8	1489.8	1383.4

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, 10 November 1999. All estimates are rounded and are subject to revision. Revisions have been made to historical series.

Trends in enterprise bargaining



INSERT

SEPTEMBER 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 a feature article which examines employee coverage in certified agreements of a range of contract of employment and related provisions between January 1997 and June 1999.

Average annualised wage increases per employee

As previously mentioned, federal wage agreements formalised in the September quarter 1999 paid an average annualised wage increase (AAWI) of 3.5% per employee, down slightly from 3.6% in the June quarter 1999. The lower outcome for agreements certified in the September quarter was primarily due to the decline in AAWI for new private sector agreements.¹ The other major influence on the September quarter figure was a shift in the composition of agreement covered employees from the public back to the private sector. In the June quarter, 68% of all employees covered by quantifiable wage agreements certified in the quarter were in the public sector. This figure dropped to 30% in the current quarter. This compositional shift, other things being equal, raised measured AAWI for all agreements in the September quarter as new private sector agreements are currently paying higher AAWIs than new public sector agreements. However, this was more than offset by the decline in private sector AAWI noted above.

The effect of major agreements on wage trends

There were 38 large agreements (that is, agreements covering more than 500 employees) approved in the September quarter 1999 compared to 36 large agreements in the previous quarter. These agreements accounted for only 2.4% of all agreements approved in the September quarter, but 44% of employees. This figure is down from the June quarter when large agreements accounted for 3% of all agreements and 79% of employees. The September quarter has seen fewer agreements coming from small businesses (those with less than 50 employees). In this quarter, 69% of all agreements with known employee coverage had less than 50 employees compared to 75% in the June quarter.

In the private sector, the largest wage agreements in the September quarter were the Franklins Limited No Frills and Franklins Fresh agreement, followed by the Mission Impossible II Production agreement. These agreements covered an estimated 10,300 and 4,600 employees and paid average annualised increases of 3.1% and 4.4% per employee, respectively. The SDA Hungry Jacks (South Australia and Northern Territory) agreement was another large private sector agreement that paid around 3.3% per employee to an estimated 1,900 employees.

In the public sector, the largest wage agreement certified in the September quarter was the University of Queensland (General Staff) agreement which paid an AAWI of 2.8% per employee to an estimated 3,200 employees. This was followed by the University of Sydney General Staff agreement, which covered an estimated 3,000 employees and paid an AAWI of 4.7% per employee and the Agriculture Western Australia agreement which paid a 3.1% AAWI to an estimated 1,700 employees.

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

Average annualised wage increases per agreement

Federal wage agreements formalised in the September quarter 1999 paid an AAWI *per agreement* of 4.5%, down from the revised figure for the June quarter of 5%. Private sector wage agreements paid an AAWI of 4.8% per agreement in the September quarter, while public sector wage agreements paid 3.2% 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.

1. In unrounded terms AAWI for new public sector agreements also declined from 3.50% to 3.45%.

Table 1: Large Agreements Certified in the September Quarter 1999		Durat- ion (vrs)	Total Wage (%)	AAWI (%)	Emps	Notes
Sector	Title					
PRIVATE SECTOR						
Metals	Gerard Industries Pty Ltd Enterprise Agreement 1999	1.1	3.0	2.8	1,321	
Manufacturing	Toyota Australia Workplace Agreement (Port Melbourne, CSD, Sydney & Regions) 1999	2.5	10.5	4.2	1,200	1
	Hawker De Havilland Limited (Bankstown) Certified Agreement 1999	2.0	11.0	5.5	611	1, 3, 11
	Sunbeam Certified Agreement 1999	3.0	13.5	4.5	530	
Infrastructure Services	Powercor Australia Limited Enterprise Agreement 1999	2.6	11.0	4.2	758	4
	Visionstream Certified Agreement 1998	2.0	10.0	5.0	930	4, 5
	Business Development Agreement (AaE / TWU) 1999	2.2	7.5	3.3	600	
	Australian Services Union (Qantas Information Technology Limited) Levels 1-10 Enterprise Agreement IV [1999]	3.0	9.0	3.0	536	3, 8, 10
Other Services	Franklins Limited No Frills and Franklins Fresh Enterprise Agreement 1999	1.2	3.6	3.1	10,347	2
	Mission Impossible II Production Agreement 1999	1.8	8.0	4.4	4,600	
	GIO Business Restructuring and Security of Employment Agreement 1999-2002	*	*	*	3,695	12
	SDA Hungry Jack's (South Australia and Northern Territory) Certified Agreement 1999	3.0	10.0	3.3	1,850	7
	The SDA Hungry Jack's Victoria Agreement 1999	3.0	7.4	2.5	1,654	7
	Conrad International Treasury Casino Certified Agreement 1999	3.0	9.8	3.2	1,646	2
	Royal & Sun Alliance Australia Holdings Limited Certified Agreement 1999	2.3	7.0	3.1	1,562	4, 6, 8
	Daimaru Certified Agreement 1999	2.9	10.7	3.7	1,077	2
	Rockmans Stores Pty Ltd Enterprise Agreement 1999	3.0	9.0	3.0	1,025	2, 7
	SDA Hungry Jack's New South Wales/ACT Agreement 1999	3.0	5.0	1.7	905	7
	AWU Warner Bros. Movie World Agreement 1999	1.0	2.8	2.8	753	7
	Adelaide Bank Employees Enterprise Agreement 1999	3.0	7.5	2.5	615	3, 6, 10
	JMIFA Enterprise Agreement 1999	2.6	10.0	3.8	612	3, 4, 8
	SDA - Domino's (WA) Dial-A-Pizza Agreement 1998	2.2	9.2	4.2	592	2, 7
	Anglicare SA Agreement No. 2 of 1999	3.0	3.0	1.0	513	
	Adecco Clerical and Administrative Supplementary Employees' Agreement 1999	*	*	*	500	13
TOTAL LARGE PRIVATE SECTOR AGREEMENTS		2.2	7.4	3.4	38,432	
PUBLIC SECTOR						
Infrastructure Services	State Rail Authority of NSW Clerical & Administrative Staff Functional Agreement 1999	2.0	3.7	1.8	1,101	2, 4
	ACTEW Corporation Enterprise Agreement 1999	3.0	11.0	3.7	915	
	Hydro - Electric Corporation of Tasmania Enterprise Agreement 1999	1.0	3.8	3.7	591	
Government Administration	Agriculture Western Australia Enterprise Agreement 1998	2.3	7.0	3.1	1,700	1, 4
	AWU - Department of Natural Resources and Environment Certified Agreement 1999	3.0	9.0	3.0	900	6, 9
	Monash City Council Enterprise Agreement No 2, 1999	3.0	11.0	3.7	840	1
	Family Court of Australia Agreement 1999 - 2000	1.2	5.5	4.4	751	1, 4, 6, 9
	Treasury Certified Agreement 1999-2002	3.0	7.0	2.3	550	6, 9
Hobart City Council Enterprise Agreement of 1999	3.0	8.1	2.7	530	3, 4, 9	
Other Services	University of Queensland Enterprise Agreement (General Staff) 1999	2.8	7.9	2.8	3,150	2, 4
	University of Sydney General Staff Enterprise Agreement 1999-2002	3.0	14.0	4.7	2,999	2, 6
	Bendigo Health Care Group - ANF, Nursing Salary Packaging Agreement 1998	*	*	*	834	12
	South Australian Metropolitan Fire Service (Federal) Enterprise Agreement 1999	3.0	12.0	4.0	690	
	HSUA and Tempo Health Support Services, Inner and Eastern Health Care Network Hospitals Contracts Agreement [1999]	3.0	8.5	2.8	528	7, 2
	TOTAL LARGE PUBLIC SECTOR AGREEMENTS	2.4	7.7	3.4	16,079	
TOTAL LARGE AGREEMENTS IN SEPTEMBER		2.3	7.6	3.4	54,511	

Source: Workplace Agreements Database, DEWRSB (see Technical Notes).

Notes: 1 Part or all of the wage increase is awarded on meeting defined targets.

2 Wage increase varies across the classification structure. The increase is estimated.

3 Profit or gain-sharing scheme in place.

4 Individual performance assessed and remunerated.

5 Agreement commences a significant period after previous agreement expires.

6 One-off bonus.

7 No base rate provided. The first wage increase is calculated using a base rate derived from an award or an earlier agreement.

8 Performance pay 'pool' in place. Aggregate pool payments are included in AAWI calculations.

9 Broad band classification structure to be introduced.

10 Employee share ownership scheme in place.

11 Variable performance increment.

12 Conditions only agreement - No wage provisions.

13 Agreement is not meaningfully quantifiable. (See Technical Notes.)

WAGE TRENDS BY SECTOR

As previously noted, the last two quarters have seen significant shifts in the composition of agreement covered employees between the public and private sectors. This in turn has been an important factor in influencing all sectors' AAWIs for each of the quarters.

A much lower proportion (compared to the June quarter) of employees covered by wage agreements certified in the September quarter were in the public sector. In the June quarter, the public sector accounted for 63% of all employees covered by wage agreements and 68% of employees covered by quantifiable wage agreements certified in the quarter. This proportion decreased significantly in the September quarter to 27% of all employees covered by wage agreements and 30% of employees covered by quantifiable wage agreements. Conversely, the private sector's share of employees covered by wage agreements increased significantly between the June and September quarters - from 37% in the June quarter to 73% in the September quarter. The change between quarters for employees covered by quantifiable wage agreements has shown a similar movement.

While public sector employee coverage declined in the September quarter, the number of agreements certified in this sector increased. In the June quarter 1999 the number of public sector wage agreements certified constituted 10% of all wage agreements and 13% of all quantifiable wage agreements certified in the quarter. By the September quarter 1999, 18% of all wage agreements and 21% of all quantifiable wage agreements certified were in the public sector. Despite the increase, the private sector still accounts for the overwhelming majority of agreements formalised in any particular quarter.

Private sector wage trends

At least 1,226 federal private sector wage agreements, covering an estimated 83,800 employees, were formalised by the AIRC in the September quarter 1999. This represents the same number of agreements formalised and a broadly similar level of employee coverage in the private sector as were recorded in the June quarter. On average, private sector agreements certified in the September quarter paid an annualised wage increase of 3.6% per employee, down 0.2 percentage points from the June quarter.

There was a broad range of bargaining wage outcomes in the private sector in the September quarter, particularly among the large private sector agreements. In addition to the several large agreements mentioned previously, moderate outcomes were provided by the SDA Hungry Jack's Victoria agreement which paid an AAWI of 2.5% to an estimated 1,700 employees and the Gerard Industries Pty Ltd agreement which paid an AAWI of 2.8% to an estimated 1,300 employees. These outcomes contrast with above average wage outcomes in the Hawker De Havilland Limited (Bankstown) agreement, which paid an AAWI of 5.5% per employee to an estimated 600 employees, and the Visionstream agreement, which paid an AAWI of 5.0% per employee to an estimated 900 employees.

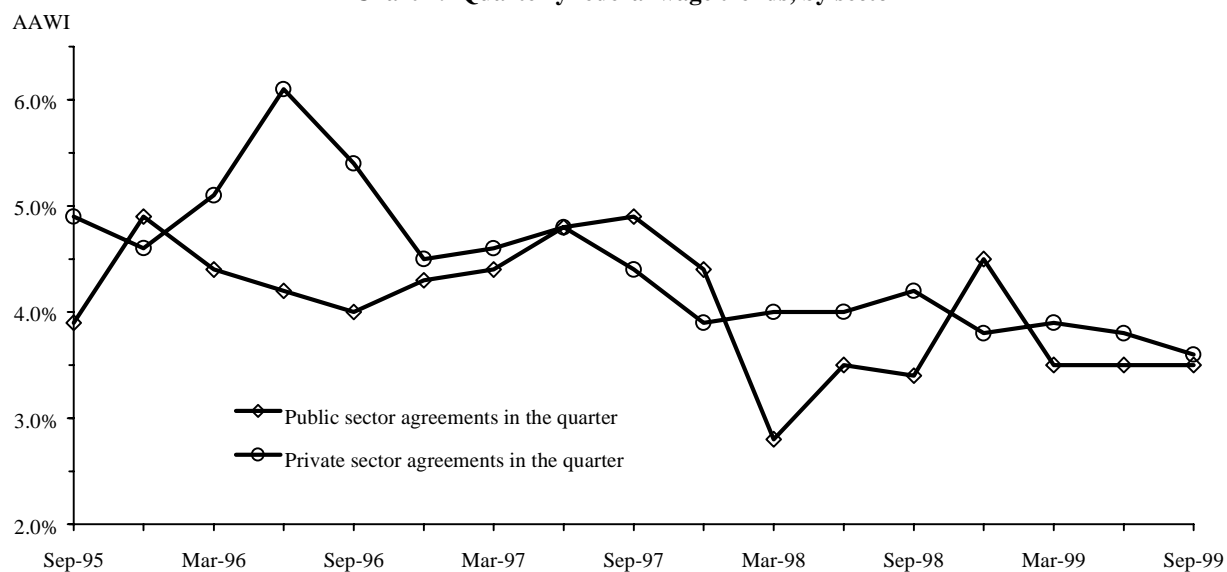
The AAWI for all private sector agreements current at 30 September 1999 was 4.0% per employee, unchanged from the result to 30 June 1999.

Public sector wage trends

In the September quarter 1999, there were at least 265 federal public sector wage agreements, covering an estimated 30,400 employees, formalised by the AIRC. These agreements paid an average annualised wage increase of 3.5% per employee, again unchanged from the previous quarter. This confirms the trend to relatively moderate wage outcomes for the public sector that, with the exception of the December quarter 1998, have been at or under 3.5% per employee for all of 1998 and the first three quarters of 1999.

Apart from the three largest public sector agreements previously mentioned, other large public sector agreements certified in the September quarter were the State Rail Authority of New South Wales Clerical and Administrative Staff agreement and the ACTEW Corporation agreement which paid AAWIs of 1.8% and 3.7% to an estimated 1,100 and 900 employees, respectively.

For all federal public sector wage agreements current at 30 September 1999, the AAWI per employee was 3.6%, unchanged from the previous quarter.

Chart 1: Quarterly federal wage trends, by sector

Source: Workplace Agreements Database, DEWRSB

WAGE TRENDS IN KEY INDUSTRIES

Table 1 (see final page of brochure) shows quarterly movements in average annualised wage outcomes for the five main industry groups since the September quarter 1995.

As can be seen from Table 1, the AAWI per employee in non-metals manufacturing fell significantly from 4.2% in the June quarter 1999 to 3.5% per employee in the September quarter. AAWIs in metals manufacturing and infrastructure services increased, but in the other two broad industry groups there were slight declines or no change in average annualised wage outcomes.

Infrastructure services

Average wage outcomes in this broad industry group measured 4.1% per employee, reversing to some degree the previous quarter's fall to 3.7%. This rise and fall movement continues to demonstrate the volatility in this sector. The number of wage agreements formalised in the quarter continued to decrease in the September quarter and employee coverage also fell. The September quarter saw 612 wage agreements certified covering an estimated 16,700 employees, while in the June quarter 658 wage agreements were certified covering an estimated 73,900 employees.

Average wage outcomes within the industries comprising this broad industry group were varied, with large increases and small decreases contributing to an overall rise in AAWI. Wage outcomes ranged from: 3.1% for transport and storage (down marginally from a revised 3.2% in the previous quarter); 4.2% for electricity, gas and water supply (up from 3.4%); 5.0% in the communications services industry (up significantly from the June quarter's result of 3.9%); and 5.6% for construction (down from a revised 6.1% in the June quarter).

Government administration

The AAWI per employee in government administration remained constant at 3.1% for the September quarter. The number of wage agreements formalised in this industry rose from 52 in the June quarter to 80 in the September quarter, although the number of employees covered (11,500) was less than one third of the June quarter total (36,700).

Other services

In other services, the AAWI per employee decreased to 3.4% in the September quarter, down 0.2 percentage points from the June quarter figure. Within this industry group the major AAWI movements were in the retail industry, which fell from 4.1% in the June quarter to 3.0% in the September quarter, and the cultural and recreational services, which increased from 2.6% in the June quarter to 3.9% in the September quarter. The number of wage agreements formalised in this broad industry group increased from 250 agreements in the June quarter to 362 for the September quarter, while

employees covered fell from an estimated 98,800 to 53,800 in the September quarter. This was partly due to a significant number of agreements, covering few employees, being made with the Health Services Union and also with the Australian Nurses Federation.

Metals manufacturing

The number of wage agreements formalised in this industry group decreased for another quarter from 193 agreements, covering an estimated 10,900 employees in the June quarter, to 175 agreements, covering an estimated 15,600 employees in the September quarter. Since the June quarter 1998 wage outcomes in this sector have been moderating and there has been a significant decline in AAWI from a peak of 5.5% in the September quarter 1996. The metals manufacturing wage agreements formalised in the September quarter paid an AAWI of 3.9% per employee, up slightly from the 3.7% outcome in the June quarter.

Non-metals manufacturing

The non-metals manufacturing wage agreements for the September quarter paid an AAWI of 3.5% per employee, down 0.7 percentage points from 4.2% in the June quarter. The number of wage agreements formalised in the quarter increased again from 165 in the June quarter to 218 in the September quarter, with a slight rise in employee coverage from an estimated 11,500 employees to 14,000 employees.

CONTRACT OF EMPLOYMENT PROVISIONS

Introduction

This article examines employee coverage in certified agreements of a range of contract of employment and related provisions between January 1997 and June 1999 based on the Department's Workplace Agreements database (WAD)—see Table 2. These provisions can be divided into three categories: those which concern type of employment (part-time and casual employment); those which cover employment arrangements (job sharing, home-based work and probationary periods); and those which cover contractual issues (contract labour,² fixed term employment, short-term/temporary/seasonal work and provision for Australian Workplace Agreements).

Agreement-making provides the opportunity for organisations to establish arrangements to suit the needs of the employer and the employees at the workplace. While some agreements include matters that can also be included in awards, such as provisions for casual or fixed term employment, formal agreements may also include provisions that are no longer allowable award matters, such as quotas on part-time employment.³ Some matters, while allowable, are rarely found in awards, for example, home-based work, job-sharing and contract employment. These may be matters that have traditionally been dealt with at the workplace through formal policies but which are now being formalised through certified agreements.

With increased emphasis on agreement-making in the Workplace Relations Act 1996 (WR Act) and the removal of non-allowable matters from awards, it is pertinent to examine the impact these changes may be having on the content of agreements. Contract of employment is an area of considerable potential for variation between workplaces.

This report focuses on specific aspects of these provisions rather than overall coverage for each provision. We examine, where appropriate, whether the provisions can be regarded as being flexible or restrictive in their application. Outcomes in the public and private sectors are distinguished due to the significant differences in the characteristics of these two sectors. A key factor that can affect employee coverage of provisions from year to year is the change in industry mix of agreements. For example, in the first six months of 1999, there were a comparatively small number of agreements in the finance and insurance industry which may impact on the coverage of part-time provisions during this period. Particularly large agreements can also influence employee coverage outcomes and these are identified where considered relevant.

Throughout this article we use the term “employee coverage” to refer to the proportion of agreement-covered employees who are covered by an agreement that contains the relevant provision. This does not necessarily equate to the proportion of employees who take advantage of or have access to a particular provision.

2. Labour is contracted on a fee for service basis generally through a third party.

3. Refer s.89A(4) of the *Workplace Relations Act 1996*.

Provisions relating to type of employment

This section examines five provisions in agreements which deal with part-time or casual employment, focussing on whether these employment types are provided for in a flexible way or if there are restrictions placed on their use. Provision of regular rosters for part-time work is also examined as well as provision for the transfer of casuals to permanent positions.

Part-time employment – flexible access

The description of part-time provisions as ‘flexible’ refers to two aspects of part-time employment. The first is that the agreement does not limit the employer’s use of, and access to, part-time employment; and the second is that access to part-time employment or any change in the terms of part-time employment is negotiated between the employer and employee.

Since 1997, employee coverage in agreements with these provisions has been around 16 per cent. Coverage for private sector agreements has ranged from 12 per cent to 20 per cent for agreements certified over this period. Agreements in the retail and finance industries account for a significant proportion of private sector employees covered by these provisions. For example in 1998, when private sector coverage was relatively high, there were three large agreements⁴ in these industries which accounted for about 64 per cent of private sector employees covered by the provision.

Part-time employment – restrictive access

Restrictive provisions in relation to part-time work include quotas (either numbers or proportions) of part-time employees, limits (upper or lower) on the number of hours part-time employees can work⁵ and minimum/maximum weekly wages (which is in effect a restriction on hours of work). These provisions are of interest as they are no longer allowable award matters (refer s.89A(4) of the WR Act). It is reasonable to expect that as these matters are removed from awards that efforts may be made to include them in agreements.

Around one-fifth of employees were covered by these provisions in agreements certified in the first six months of 1999. Despite variations from year to year, the data in the table indicate that there may be a trend for increased coverage of these provisions. This is most evident in the private sector, where coverage has increased substantially each year from 1997. Public sector coverage of these provisions tends to be low, the relatively high coverage in 1998 being largely attributable to a Telstra agreement,⁶ which accounted for 50 per cent of the public sector employees covered by the provision.

Part-time employment provisions - regular rosters for part-time staff

Agreements with regular rosters for part-time staff specify a commitment to and/or provisions which encourage regularity and stability in part time working hours (eg specified starting and finishing times for each day, the days on which those hours are to be worked, change of hours by agreement, etc).

Employee coverage of this provision in agreements certified in the six months to June 1999 was 26 per cent. The data indicate that, like the provisions for restrictive part-time provisions, there is an upward trend in coverage of these provisions since 1997. However, unlike the restrictive provisions, coverage appears to be increasing in both the private and public sectors. This may reflect the provisions in the WR Act which define a regular part-time work employee as, amongst other things, having “reasonably predictable hours of work”. Like restrictive provisions, the high coverage for public sector agreements certified in 1998 can in part be attributed to a Telstra agreement (see above) which accounted for 36 per cent of public sector employees covered by the provision.

Casual employment - flexible access

Where an agreement has flexible access to casual employment, the employer’s use of, and access to, casual employment is not limited by the agreement.

4. *Commonwealth Bank of Australia Enterprise Bargaining Agreement 1998* (25,100 employees), *Woolworths Supermarkets - NSW/ACT Agreement 1998* (24,300 employees) and *Big W Discount Stores Department Agreement 1997* (18,700 employees).

5. Except for minimum consecutive hours provisions, which are allowable award matters under s. 89A(5) of the WR Act

6. The *Telstra Corporation 1998/2000* agreement covered 49,300 public sector employees.

Overall employee coverage of these provisions tends to be about 10 per cent or lower, and around 15 per cent in the private sector. It is very low in the public sector.

The very low level of coverage of these provisions in the private sector in the first six months of 1999 probably reflects the particular mix of industries or agreements, rather than any substantive change. Large agreements in the retail trade and the accommodation, cafes and restaurants industries contributed significantly to the higher levels in 1997 and 1998. For example, in 1997 two agreements in these industries accounted for 44 per cent of private sector employees covered by this provision.⁷ In 1998 two large agreements in the retail industry⁸ accounted for 63 per cent of all private sector employees covered by the provision in agreements certified that year.

Casual employment – restricted access

Like the restrictions placed on part-time employment, restricted access to casual employment provisions includes quotas, either numbers or proportions, of casual employees; limits (upper or lower) on the number of hours casual employees can work (other than provisions for minimum consecutive hours); and minimum/maximum weekly wages (which is in effect a restriction on hours of work). As in the case of regular part-time work, restrictions on the number or proportion of casual employees are no longer allowable award matters. However, unlike regular part-time work, the number of hours that a casual may work are not prohibited as award matters.

Overall, provisions in agreements restricting access to casual employment are becoming more common as is evidenced by the increase in employee coverage from 10 per cent in 1997 and 15 per cent of employees in 1998 to 26 per cent of employees for agreements certified in the six months to June 1999. This reflects the trend in the private sector, similar to the trend for restrictive provisions in respect of part-time employment.

In 1997 and 1998, public sector coverage of provisions restricting access to casual employment was around 10 per cent. The exceptionally high public sector coverage in 1999 (27 per cent) can be largely attributed to one agreement which accounted for nearly 75 per cent of public sector employees with this provision.⁹

Casual employment – provision to transfer from casual to on-going status

These agreements provide that after a period of time, which is set in the agreement, casual employees must be offered an on-going or 'permanent' position or are deemed to be on-going or 'permanent'. The overall incidence of this provision has been low, that is between 3 and 5 per cent. A comparison between the public and private sectors shows that, to the extent that such provisions exist at all, they are a feature of private sector rather than public sector agreements.

Provisions which cover employment arrangements: job sharing, home based work and probationary periods

This next section examines provisions in agreements which relate to employment arrangements, including job sharing, home based work and probationary periods.

Job-sharing

Where job-sharing arrangements are present two (or more) employees share a job that would normally be performed by one employee. It is not possible from the WAD to determine how many employees have access to job-sharing arrangements, eg some agreements provide for consideration of such options as distinct from their actual provision. Restrictive provisions are rare in both the private and public sectors, while provisions that are clearly flexible are only slightly more common with employee coverage at around 3 per cent. This probably reflects the nature of these provisions in agreements which are often not as detailed as other provisions in agreements which are more commonly in practice in the organisation. For example, an agreement may simply provide for the option of job-sharing.

7. 17,300 employees were covered by the *Target Australia Pty Ltd Retail Agreement 1997* and 13,000 by the *Pizza Hut - SDA National Employee Relations Agreement 1997*.

8. 24,300 employees were covered by the *Woolworths Supermarkets - NSW/ACT Agreement 1998* and 23,000 employees by the *Kmart Australia Ltd Agreement 1998*.

9. *Australia Post Enterprise Agreement 1999 – 2001* covered 35,800 employees.

Home-based work

Agreements with home-based work provisions allow employees to perform some or all of their work at home during normal working hours.

Employee coverage of home-based work provisions has varied from 8 per cent to 17 per cent. The variations reflect public sector agreement coverage, which can be quite high, eg. 36 per cent in 1998 and 21 per cent in 1999. Private sector coverage is minimal.

Probationary periods

This provision applies to agreements which include a period of probation during which an employee may be dismissed before becoming a member of the regular workforce, and includes apprentices and trainees. The Australian Industrial Relations Commission has found probationary employment provisions to be allowable and, therefore, such provisions can be found in simplified awards.¹⁰

Around one quarter of employees covered by agreements certified since 1997 are covered by a provision for probationary employment. Coverage in the private sector, at 30-40 per cent, has been significantly higher than in the public sector, at between 9 and 18 per cent.

In the private sector, the manufacturing and retail trade industries contribute significantly to the level of employee coverage.

Employment provisions covering contractual issues: contract labour, fixed term employment, short term/temporary/seasonal work and provision for Australian Workplace Agreements

The following section examines provisions in agreements which relate to contractual issues: contract labour, fixed term employment, short term/temporary/seasonal work and provision for Australian Workplace Agreements. Table 2 shows that flexible provisions of this type are not common in agreements and while restrictive provisions are more common overall, employee coverage of contractual provisions is low, with the possible exception of clauses making provision for AWAs.

Contract labour

Contract labour occurs where work is performed on a fee-for-service basis generally through a third party. Employee coverage of flexible provisions is very low, generally 1 per cent or less, for both private and public sector agreements. Where contract labour provisions are defined as restrictive, the use of contract labour has been restricted or reduced by the agreement. One example of such a provision is the stipulation that 'contract labour' workers receive the same terms and conditions as the employees bound by the agreement. Another example is the restriction on the use of contract labour to specific circumstances.

Employee coverage of restrictive contract labour provisions is also quite low, generally under 10 per cent for both the private and public sectors. The exception to this is public sector agreements in the first half of 1999, when coverage was 54 per cent. Two agreements, one in the health and community services industry and one in the communication services industry, account for over 90 per cent of the public sector employees covered by agreements certified during this period.¹¹

Fixed-term employment

Fixed-term employment provisions refer to the hiring of employees for either a specified time or until they have completed specific tasks. As with contract labour provisions, employee coverage of flexible provisions is very low – less than 4 per cent for both the private and public sectors.

The use of fixed-term employment is defined as restrictive when the agreement provides limited access to fixed-term employment. As with contract labour, employee coverage of these provisions is also low, with the exception of public

10. The Award Simplification Decision made pursuant to the Metal Industry Award 1984, Print P9311.

11. 55,000 employees were covered by the *Queensland Health Certified Agreement (No. 3) 1999* and 35,800 were covered by the *Australia Post Enterprise Agreement 1999 – 2001*.

sector agreements certified in the first six months of 1999. The 37 per cent public sector coverage in this period is in large part due to one agreement which accounted for just over half of the public sector employees covered by this provision.¹²

Short-term/temporary/seasonal work

This provision refers to employees who are hired to meet seasonal and peak workloads. Employee coverage of provisions relating to both flexible and restrictive short-term/temporary/seasonal work provisions is low at under 10 per cent. Flexible provisions are almost non-existent in the public sector and the coverage of restrictive provisions tends to be lower in the public than private sector. Larger coverage of restrictive provisions in agreements certified during the first half of 1999 for both sectors is largely accounted for by two large agreements.¹³

Australian Workplace Agreements (AWAs)

The WAD has two specific provisions relating to AWAs, provision for AWAs and exclusion of AWAs. Provision for AWAs clauses allow for an Australian Workplace Agreement to be negotiated with employees covered by the agreement. This includes clauses that allow the AWA to operate to the exclusion of or in conjunction with the agreement. Exclusion of AWA clauses are the converse situation.

AWAs – provision for their use

Twenty-two per cent of employees in agreements certified in the six months to June 1999 were covered by clauses providing for the use of AWAs. This compares with 8 per cent in 1997 and 32 per cent in 1998. Overall, coverage in the public sector has been considerably higher than in the private sector.

The significantly higher coverage in the private sector in 1998 is due primarily to agreements in the finance and insurance industry, in particular two agreements.¹⁴ Between them these agreements accounted for 48 per cent of all private sector employees covered by the provision.

AWAs – restrictions in their use

Overall these clauses are not as common as provision for AWA clauses, with employee coverage ranging from 5 to 10 per cent since 1997. Private sector employee coverage appears to be increasing, having risen from 4 per cent in 1997 to 8 per cent in 1998 and 18 per cent in 1999. The higher level in 1999 is only in part due to one large agreement,¹⁵ which accounts for about 40 per cent of the private sector employees covered by the provision.

Conclusion

Of the provisions reviewed, employee coverage was highest for probationary employment, all part-time and restrictive casual provisions. It was also higher for restrictive rather than flexible provisions in relation to contract labour and fixed-term employment provisions.

For most of the provisions examined there is no discernable change in employee coverage since 1997. Fluctuations which appear to be against the trend can be shown to be, at least in part, due to one or a few very large agreements. The exceptions to this are early indications of an increase in employee coverage of restrictive provisions (such as quotas) for both part-time and casual employment in the private sector.

Employee coverage in the public and private sectors varies significantly in some areas - for example, private sector coverage is higher with respect to probationary employment and to some extent restrictive part-time provisions, while public sector coverage is higher with respect to home-based work provisions.

12. The *Australia Post Enterprise Agreement 1999-2001* covered 35,800 employees.

13. 23,200 (or 84 per cent) of public sector employees with this provision were covered by the *Centrelink Development Agreement 1999-2002* and 20,600 (or 45 per cent) of private sector employees were covered by the *Safeway Supermarkets (Victoria) Enterprise Agreement 1998*.

14. 25,100 employees were covered by the *Commonwealth Bank of Australia Enterprise Bargaining Agreement 1998* and 21,000 employees were covered by the *ANZ/FSU Agreement 1998*.

15. 12,800 employees were covered by *Ansett Australia Union Collective Bargaining Agreement 1999*.

It is also apparent that some provisions are more likely to be found in particular industries. This in part reflects the nature of the industry. For example, the finance industry has significant coverage of part-time provisions due to the high proportion of females covered by agreements in that industry as well as changes in the way this industry operates.

The significant fluctuations evident in many of the provisions examined indicate that it is difficult to establish trends at this stage. In addition, many agreements are of a two to three year duration and trends will become more evident beyond that time period, as successive waves of agreements occur.

Table 2: Employee coverage for various contract of employment provisions, January 1997- June 1999

	1997			1998			Jan-Jun 1999		
	% of Employees			% of Employees			% of Employees		
Provisions:	Public	Private	Total	Public	Private	Total	Public	Private	Total
Part-time employment (PTE)									
PTE: flexible	17	12	14	15	20	18	20	13	16
PTE: restrictive	7	14	11	27	28	27	5	37	21
PTE: regular hours or days rostered	13	17	15	37	25	30	21	30	26
Casual employment (CE)									
CE: flexible	3	16	11	1	14	9	0	2	1
CE: restrictive	10	10	10	7	20	15	27	25	26
CE: transfer to full-time status	1	6	4	1	8	5	0	6	3
Job-sharing (JS)									
JS: flexible	2	4	3	5	3	3	0	1	1
JS: restrictive	0	0	0	0	0	0	1	0	1
Home-based work									
Home-based work	15	3	8	36	3	17	21	0	10
Probationary period									
Probationary period	15	29	24	9	33	23	18	37	28
Contract labour (CL)									
CL: flexible	3	1	2	0	1	1	0	1	0
CL: restrictive	8	6	7	3	10	7	54	8	31
Fixed-term employment (FTE)									
FTE: flexible	4	4	4	1	1	1	0	0	0
FTE: restrictive	2	2	2	3	9	7	37	2	19
Short-term / temporary / seasonal (STS)									
STS: flexible	1	11	7	0	9	5	0	1	0
STS: restrictive	1	9	6	3	8	6	15	24	20
Australian workplace agreements (AWA)									
Provision for AWA	15	4	8	52	18	32	42	3	22
Exclusion of AWA	6	4	5	2	8	6	2	18	10
n	286 600	430 900	717 500	363 200	533 000	896 200	180 000	188 800	368 800

Source: Workplace Agreements Database, DEWRSB

Note: ‘ % of employees’ represents the proportion of agreement-covered employees (in their respective sectors) who are covered by an agreement that contains the listed provision. These percentages are referred to as the ‘employee coverage’ elsewhere in the article.