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## TRENDS IN FEDERAL ENTERPRISE BARGAINING - TECHNICAL NOTES

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### The Workplace Agreements Database

The Workplace Agreements Database (WAD) is maintained by the Workplace Relations Policy Group of the Department of Education, Employment, Workplace Relations (DEEWR). The WAD contains information on all known federal enterprise agreements which have been certified by the Australian Industrial Relations Commission (AIRC) or approved by the Workplace Authority (formerly the Office of the Employment Advocate) 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 derived from copies of federal agreements lodged with the Workplace Authority or the AIRC.

### Presentation of Trends in Federal Enterprise Bargaining data

A typical row of data in the Trends in Federal Enterprise Bargaining report (Trends) appears as follows:

<b>ALL INDUSTRIES</b>	2157	Total number of agreements for a given quarter
AAWI (%)	3.8	AAWI for the quarter
Employees ('000)	250.4	Estimated total number of employees covered by the number of agreements in the first row

It is important to note that not all agreements contain quantifiable wage increases and in most cases the AAWI is not derived from the total number of agreements shown in the first row or the total number of employees shown in the third row. A more detailed explanation of why this is the case is provided below under 'Average annualised wage increases'

### Employee coverage

Information on the number of employees covered by an agreement is drawn from the information provided to the AIRC or the Workplace Authority by the employer who lodges the agreement.

In the Trends data, the number of employees covered by agreements is presented as an estimated figure, as employee coverage figures are not always provided when an agreement is lodged.

Where an agreement's employee coverage is not known and the agreement replaces an earlier agreement where employee coverage is known, the employee coverage of the earlier agreement is used. For those agreement still lacking employee coverage a 'modified mean' is used to estimate employee coverage. The modified mean is generated for each industry group by preceding year removing the largest 5% and smallest 5% of agreements, and then calculating the mean of the remainder.

As the number of employees covered by an enterprise agreement frequently changes during the life of an agreement, due to workforce fluctuations, the total number of employees covered is not necessarily indicative of the total current coverage of enterprise agreements.

## **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: certification, commencement or the date of the first wage increase (whichever is earliest) and expiry date or the date of the last wage increase (whichever is latest) or termination date (where applicable). Those few agreements with a formal duration of less than one year are deemed to have an effective duration of 12 months.

## **Average annualised wage increases**

Estimates of average wage increases are calculated for those federal collective agreements that provide quantifiable wage increases. Collective agreements for which average percentage wage increases could not be quantified (e.g. those introducing a new salary structure) are excluded from these estimates.

For agreements with quantifiable wage increases, 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.

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 Federal Enterprise Bargaining* reports the 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. Current agreements are those agreements that have been certified but have neither been terminated nor expired at a given point in time. An agreement that expires on a given date is deemed to be current on that date.

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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