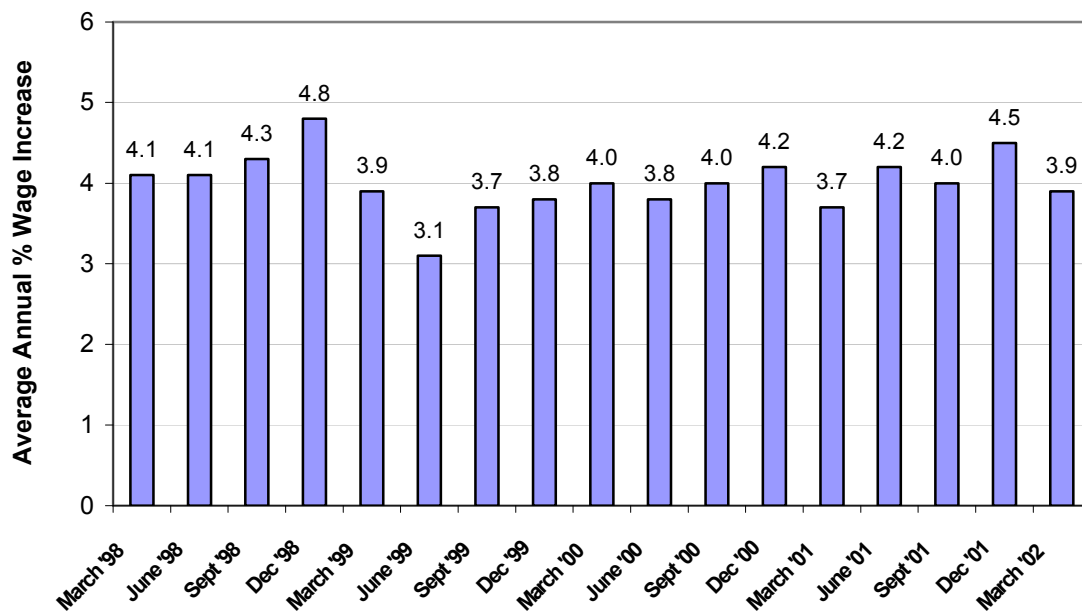


Wage trends in Enterprise Agreements – update to March 2002 quarter

The last schools update posted on this web site gave wages information for 2001. In March 2002 the average annual wage increase for certified enterprise agreements registered in the March 2002 quarter was 3.9% (per agreement), down by 0.6 percentage points from 4.5% in the December 2001 quarter.

In the last update the volatility in the quarterly outcomes was noted. In the December 2000 quarter the average annual wage increase was more than 4% for the first time in two years (eight successive quarters). Since then wage increases have been unstable, fluctuating between 3.7% in the March 2001 quarter and 4.5% in the December 2001 quarter. Figure 1.1 illustrates quarterly movements in enterprise agreement wage outcomes over the last four years.

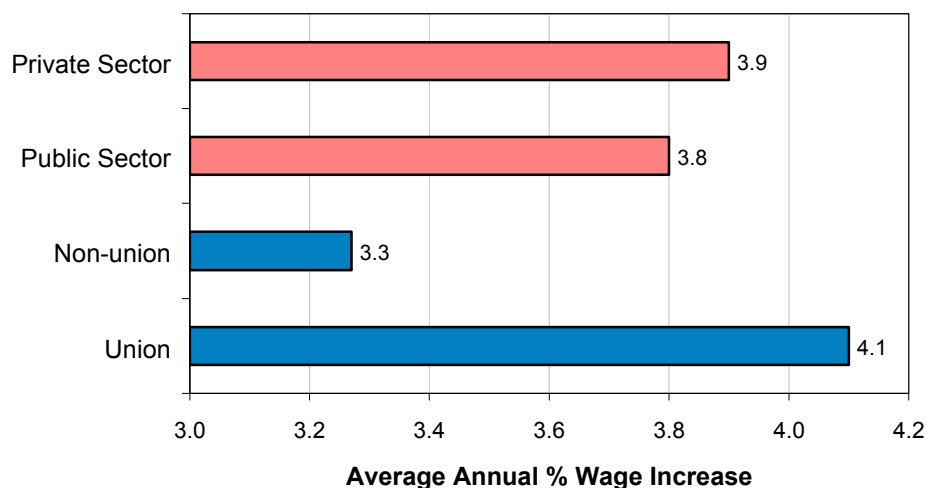
Figure 1.1: average annual percentage wage increases in enterprise agreements: quarterly figures, December 1998 – March 2002



Source: ADAM Database, 2002, ACIRRT, University of Sydney

Figure 1.2 below shows that average annual wage increases in private sector agreements approved in the March 2002 quarter were slightly higher than public sector agreements (3.9% and 3.8% respectively). The gap between union and non-union agreements had been narrowing, however in the March 2002 quarter this gap increased with union agreements delivering an average annual wage increase of 4.1% compared to 3.3% for non-union agreements.

Figure 1.2: March 2002 quarter average annual percentage wage increase, by sector and union party to agreement



Source: ADAM Database, 2002, ACIRRT, University of Sydney.

As in the December 2001 quarter, a common feature of agreements with high wages increases (ie 5% or more) was the absorption of allowances and penalties that are usually paid in addition to salary. This was especially the case with overtime payments. Two agreements identified specified that a reasonably substantial amount of overtime must be worked before employees are entitled to be paid at penalty rates. Some key features of higher than average wage increases are highlighted in Table 1.1.

Table 1.1: key features of higher than average wage increases in March quarter enterprise agreements in 4 industries

Industry (AAWI)	Key Provisions
Building construction industry (AAWI 15.6%)	<ul style="list-style-type: none"> ? A total wage increase of 26% is paid over the life of the agreement. This consists of a 20% increase on certification, and two further increases of 3% during the remainder of the agreement. ? The wage rates prescribed absorbs all travel/fares, multi-storey and special rates allowances. ? Workplace reform measures have been outlined in the agreement. Such measures include employees having to work outside the regular span of hours to allow for daylight saving time and special project requirements, and greater flexibility in the taking of rostered days off so that the enterprise will be in operation on days scheduled as industry-wide RDOs. ? Additional reform is to be facilitated during the life of the agreement through the Joint Consultative Committee.
Electrical contracting industry (AAWI 12.13%)	<ul style="list-style-type: none"> ? Agreement provides for a base rate increase of 24.25%. This includes a 21.75% wage increase upon certification, and an additional increase of 2.5% to be paid on the first anniversary of the agreement. ? The substantial wage increase was granted in return for the workplace moving off an enterprise award and onto an enterprise bargaining agreement. ? Wages incorporate any payment for annual leave and 17.5% loading, sick leave, public holiday penalties, RDOs and overtime payments. ? Casual employees are given a loading of only 12%. ? Shift rates in the agreement have increased from 15% to 30%.
Metal manufacturing industry (AAWI 7.04%)	<ul style="list-style-type: none"> ? An average increase of 21.7% is paid over the 37-month life of the agreement. This includes an increase of 8.6% upon certification, and further increases of 6.8% on the first anniversary and 6.3% increase on the second anniversary of the agreement. ? In return for the wage increases, the agreement absorbs any penalty rates for the first 70 hours of overtime worked each year. The definition of overtime specified in the agreement incorporates work on Saturdays, on days when RDOs are scheduled and when employees work beyond the normal shift hours. Overtime does not incorporate time worked on Sundays and public holidays, whereby penalty rates are still paid. ? Employees are to work a four-day, 38-hour week, thereby receiving a weekly RDO. ? A mobile phone allowance is paid in addition to an employee's salary.
Local government sector (AAWI 6.0%)	<ul style="list-style-type: none"> ? An increase of up to 12% is paid over four periods. This includes guaranteed increases of 5% during the first year of the agreement, and 2% in the following year. ? At-risk increases totaling a maximum of 5% are available over the life of the agreement. The first increase of 2% can be obtained on the first anniversary of the agreement in exchange for the majority of work teams attaining a 95% compliance rate of the company's Service Commitment guarantees, and by also achieving of one of the improvement projects outlined in the agreement. The improvement projects are related to areas including strengthening service culture, delivering measurable productivity gains, Best Value reviews and implementing the agreed actions of a service review. ? A second at-risk increase of up to 3% can be gained 18 months after certification if the majority of work teams complete a further improvement project, as outlined above. ? Employees also have the option of sacrificing a portion of their as salary for items such as superannuation, child care fees or a motor vehicle. ? Agreement contains flexibility options for employees through purchased leave schemes, job share provisions and home-based work arrangements.

Source: ADAM Database, 2002, ACIRRT, March Quarter, University of Sydney.

Note: High wage agreements are defined as those delivering an AAWI of 5% or above.

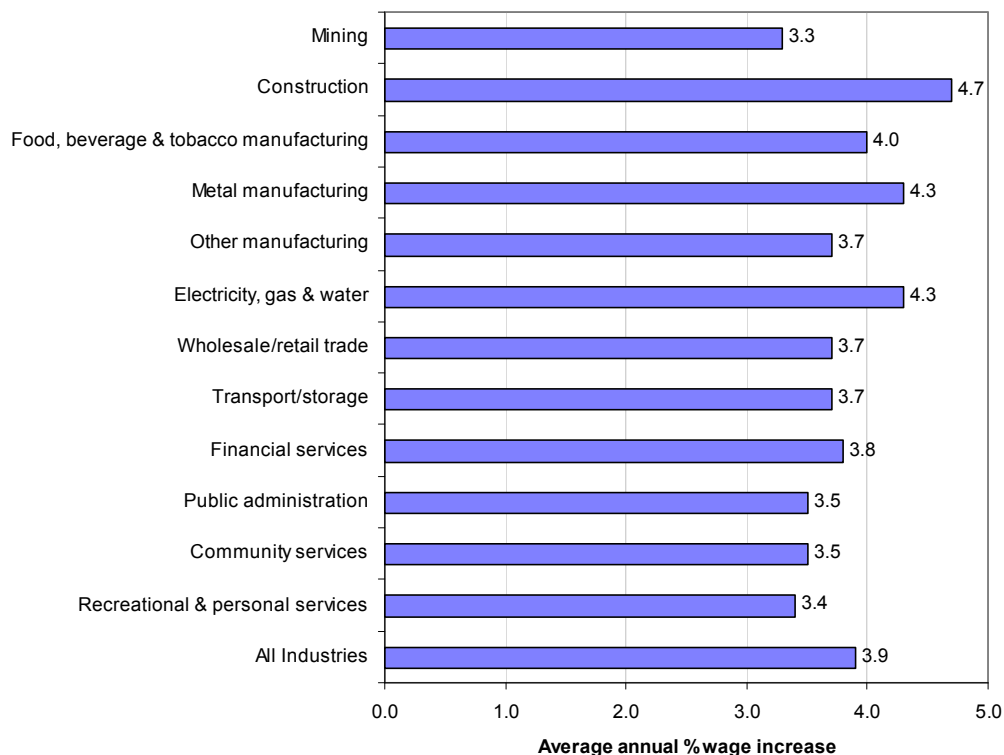
Wage outcomes in current collective agreements

The average annual percentage wage increase for all currently operating agreements at the end of the March 2002 quarter was 4.0%, slightly up on the previous quarter of 3.9%.

Figure 1.3 shows that for the second consecutive quarter the construction industry, appears to be leading wage outcomes, delivering an average annual

wage increase of 4.7%, again the mining industry provided the lowest AAWI of 3.3%.

Figure 1.3: wage increases in currently operating agreements, by industry



Source: ADAM Database, 2002, ACIRRT, University of Sydney, (n=2886).

Note: * Current agreements include all enterprise agreements which have not reached their stated nominal expiry date as at end March, 2002.

Method for calculating average annual percentage wage increases (AAWI) per agreement

ACIRRT calculates the average annual wage increase (AAWI) by taking the total wage increase granted over the life of the agreement and dividing it by the number of months for which the enterprise agreement operates.

This figure is then multiplied by twelve to generate an estimate of what the increase would be over a twelve month (annual) period. Estimates of average wage increases are calculated for those agreements that provide for a quantifiable wage increase. Not all agreements provide sufficient information to calculate annual wage increases embodied in them. The majority, however, report either what the rate of increase is or provide sufficient information to calculate it.

Flat dollar increases are converted to a percentage by either:

a) using the weekly rate of pay that applied prior to the new rates under the new agreement to calculate the equivalent percentage amount, or

b) contacting the employer party to the agreement (AWAs excepted). Other non-quantifiable wage increases within an agreement, such as those that rely on award increases, inflationary (CPI) movements, or individual staff appraisals to determine quantum wage increases, are not included in these calculations. Where different quantum wage increases are given for different groups of workers within the same agreement, an average quantum wage increase is calculated and used. ACIRRT also uses a simple rather than compound percentage wage increase.

The wage increases are those that affect ordinary weekly earnings (base rates of pay). AAWI figures do not include payments in addition to base rates (such as overtime, bonus payments, one-off annualisation of salaries, performance pay, profit-sharing, allowances etc). Wage agreements whose average percentage increase could not be quantified (eg, those introducing a new salary structure) are also excluded from these estimates.

Due to delays in the registration process, some agreements will only run officially for a couple of months. Where it is apparent that the official duration of the agreement is unduly short (ie. less than 9 months), such agreements are excluded from the calculations so as not to artificially raise the estimate of average annual increases contained in all agreements.