



SUBMISSION ON BEHALF OF THE AUSTRALIAN FEDERATION OF  
EMPLOYERS AND INDUSTRIES (AFEI)

AM2008/16

AWARD MODERNISATION

**AFEI**  
Australian Federation of  
Employers & Industries

**BEFORE THE AUSTRALIAN INDUSTRIAL RELATIONS  
COMMISSION**

**AM2008/16 – FINANCIAL SERVICES**

1. The following further submission outlines AFEI's proposals regarding Classifications and Rates of Pay for modern awards in the Financial Services Group as indicated by Vice President Watson in the pre-drafting consultation on 26 November 2008.

**Insurance and Health Insurance Industries**

2. As indicated in our submission filed on 31 October 2008, AFEI supports the making of a separate insurance industry award and health Insurance Industry award for this sector.
3. The current classification structures and pay rates from the federal awards, which largely operate currently as industry awards would be appropriate for adoption in such modern awards. Therefore, the classification structures and corresponding rates of pay from the Insurance Industry Award 1998 and Clerical and Administrative Employees (Health Insurance Industry) Award 2001 should form the basis of the respective structures in modern awards covering these areas.

**Credit Unions and Building Societies**

4. With this submission an amended draft award has been filed. Clause 13, 14 and 15 of this draft award contain AFEI's proposed classification structure and corresponding rates of

pay for the Financial Institutions (Credit Union and Permanent Building Societies) Award 2010.

5. As per our undertaking during pre-drafting consultations clause 18.2 has been added and now reflects the provision in the Credit Union Award 1998. The title of clause 15 has also been amended to more accurately reflect the purpose of this clause. These changes are the only substantive adjustments to our draft award.

### **CLASSIFICATION STRUCTURE**

6. AFEI is proposing a 5 Grade Classification structure to apply to employees of permanent building societies and credit unions who are currently covered by current classification structures in the following awards and NAPSAs:

- Credit Union Award 1998
- Queensland Credit Union Award 1999
- Western Australian Credit unions Award 2001
- Clerical and Administrative Employees in Permanent Building Societies (State) Award
- Clerical Employees' Award – Permanent Building Societies State 2003
- Credit Union's Administrative and Clerical Officers Award State 2002
- Credit Union Employees (SA) Award
- Permanent Building Societies (Administrative and Clerical Officers) Award 1975

7. An additional two grades, Grade 6 Officer in Credit Union and Senior Officer in Credit Union have also been included and shall apply to credit unions only. These two additional classifications reflect the existing classification levels of Grade 5 (Grade 6 in QLD) and Senior Officer in the Credit Union Award 1998, Western Australian Credit unions Award 2001 and Queensland Credit Union Award 1999 (“the federal credit union awards”).
8. AFEI notes that these additional classification levels are of a managerial level and fall beyond the existing coverage and classifications of the other 5 awards listed in paragraph 7 above. On this basis, the two classification levels are limited to credit unions in order to maintain existing coverage provisions.
9. AFEI submits that this approach is consistent with paragraph 2A of the award modernisation request:

*“The creation of modern awards is not intended to:*

- (a) *extend award coverage to those classes of employees, such as managerial employees, who, because of the nature or seniority of their role, have traditionally been award free. This does not preclude the extension of modern award coverage to new industries or new occupations where the work performed by employees in those industries or occupations is of a similar nature to work that has historically been regulated by awards (including State awards) in Australia;”*

10. AFEI also notes that the three federal credit union awards, contain specific exemption provisions (as highlighted by the clause references in Exhibit Finance 5) that operate in conjunction with Senior Officer level classifications. As a result, AFEI submits that such employees are currently only partially regulated by current award provisions. If the Senior Officer classification is to be included in a modern award any award regulation should be minimum and on the same basis as is currently contained in these awards. Such an approach would maintain the status quo and satisfy paragraph 2(a) of the ministerial request.
11. The classification structure proposed by AFEI is consistent with and in many respects reproduces current classifications contained in existing awards applying to credit unions and building societies. The classification descriptors and indicative skills and duties have been developed by amalgamating the various classification structures in the awards that are subsumed by our proposal.
12. Our proposal has been developed with the Credit Union Award 1998 as the starting point. This award provides for a 5 Grade Structure and an additional classification of Senior Officer.
13. This structure is mirrored in the Western Australian Credit unions Award 2001 and has been recognised by the AIRC as an appropriate structure for the industry. In making the Western Australian Credit unions Award 2001 following the award simplification decision of Cartwright SDP on 8 October 2001 Print NO890 (PR910064), His Honour noted at paragraph 5:

*“The Award did not contain wage rates and the rates in the State Award were not operating as properly fixed minimum rates. In this regard, during the course of discussions the parties indicated that the classifications in the State Award did not reflect the existing work arrangements. The parties agreed that it was desirable to update the classifications structure by inserting the classification structure and wage rates from the Credit Union Award 1998, which is the relevant industry award and a simplified award of this Commission. The parties wished to vary the Award to take account of these matters and also to update the allowances in the Award, in conjunction with the item 51 review.”*

14. The classification structures and rates of pay in the Queensland Credit Union Award 1999 provide a seven grade structure (inclusive of Senior Officer) and is also in very similar terms to the Credit Union Award 1998. This structure is very similar to the results of the amalgamation exercise we have conducted resulting in our 7 grade proposal.
  
15. The Clerical and Administrative Employees in Permanent Building Societies (State) Award (NSW NAPSA) provides for a 5 grade classification structure aligned to Australian Qualification Framework. This award grew from the NSW Clerks State Award which also provides a 5 grade structure. The descriptors adopted in our proposal for Grades 1 to 5 are consistent with both of these classification structures and are almost identical to the descriptors used in the Clerks NSW award from which the Permanent Building societies NAPSA was based.

These existing 5 Grade structures do not currently extend beyond the Grade 5 Classification contained in our proposal.

16. The Credit Union's Administrative and Clerical Officers Award State 2002 (QLD NAPSA) also provides classification descriptions based upon level of responsibility and skill which can be aligned to our proposal without complexity. We note however, that this structure, does not extend to the senior officer level.
17. Similarly, the Credit Union Employees (SA) Award classification descriptors are consistent with the expressions adopted in our proposal. Although, it does not appear that this award currently extends to the senior officer level contained in the other credit union awards. The wage rates for particular classifications in this award are also consistent with those contained in our proposal for equivalent classification levels. We also note these rates and relativities were *'established via the structural efficiency and minimum rates adjustment processes in accordance with the September 1989 State Wage Case Decision (Print I. 69 / 1989)'* (as stated in S21.1 of the award)
18. The Clerical Employees' Award – Permanent Building Societies State 2003 (QLD NAPSA) contains classifications and wage rates which apply exclusively to specific types of clerical work performed in a permanent building society. Our proposal provides skill based classifications with indicative tasks for guidance rather than being job specific.

However, using the descriptors provided, these types of work are easily incorporated into our proposed structure.

19. The Permanent Building Societies (Administrative and Clerical Officers) Award 1975 (WA) also provides classifications of a clerical nature for work performed in a permanent building society. The classifications, here, do not appear to extend to management levels. Consistent with these provisions, the managerial classifications in our proposal would not seek to cover any such employees who are not currently regulated by this award.
  
20. The approach we have taken in developing our proposed structure is consistent with the statement of the President dated 29 April 2008. In particular, paragraph 11 which states:  
  
*“Within each industry/occupation the principal federal award will usually be the starting point for drafting. The drafting process may take into account the terms of other Federal awards (non-enterprise) in the same industry. The Commission is required to take into account wage rates derived from State awards constituting NAPSAs as well as rates in transitional awards. Other terms in State awards may also be relevant.”*
  
21. The classification structure and rates of pay, therefore, as far as possible, reflect the status quo. Generally, the descriptors will mean employees largely remain within their existing grade, will not result in significant cost increases for employers and will not result in the down grading of employees.

22. The only area of difficulty may be to the few awards that contain some increments based upon years of service (such as Permanent Building Societies (Administrative and Clerical Officers) Award 1975 and Clerical Employees' Award – Permanent Building Societies State 2003). This may mean some small increases for less experienced employees in earlier years of service and some small decreases for employees who have completed additional years of service. We have not included such increments as they currently only apply to a minority of employees in the industry and would not seem appropriate for inclusion in a minimum rates safety net award.

### **RATES OF PAY**

23. The rates proposed are very close to the rates of pay prescribed in the other awards and NAPSAs applying to credit unions and building societies. Again, the current industry award (The Credit Union Award 1998) was used as the starting point.

24. The rates of pay contained in the Credit Union Award are properly fixed rates according to the Minimum Rates Adjustment Principle of the National Wage Case decision of August 1989.

25. These rates of pay were based on the upon the following relativities to the C10 fitter in the Metal Industry Award:

Grade 1     90%

Grade 2     95%

Grade 3     100%  
Grade 4     105%

26. It was agreed that the rates for higher grades required no further adjustment (refer to attachment 1).
27. The Credit Union Award 1998 was made as a result of award simplification on 4 November, 1998 by Drake DP (Print Q8351). Amongst other matters, Her Honour had to be satisfied when making the award that it reflected the requirements of s. 88 of the Act.
28. Both federal awards applying in QLD and WA contain very similar rates (if not identical). These awards have also been subject to the award simplification process conducted by the AIRC in 1999 and 2001 respectively.
29. It was noted by Senior Deputy President Cartwright in the award simplification decision in the United Credit Unions Award 2001 on 6 December 2001

*"The parties wished to vary the Award by inserting the classification structure and wage rates from the WA Credit Unions Award 2001, which are derived from the Credit Unions Award 1998, the relevant industry award and a simplified award of this Commission. The parties request to deal with this application in conjunction with the finalisation of the review of the award under item 51.*

*The outcome sought by the parties is an integrated classification structure based on properly fixed minimum rates. The rates in the WA Credit Unions Award 2001 are minimum rates which have been properly fixed according to their relationship with the metal industry fitter in the Metal Engineering and Associated Industries Award 1998. The classifications have been calibrated on the basis of relative*

*skill, responsibility and the conditions under which the particular work is normally performed.*

*Based on the material before me and the agreed position of the parties, I am satisfied that the classification structure in the WA Credit Unions Award 2001 is a suitable classification structure for the work performed by employees covered by the Award, and that the proposed rates are properly fixed minima...."*

(Paragraphs 4-6; [[PR912299](#)])

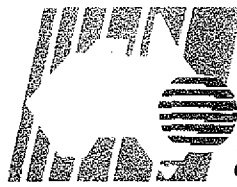
30. The rates proposed by AFEI are drawn from the three federal credit union awards. The AIRC can, therefore, be satisfied that the rates in the proposed award are appropriate.

### **Exemption Rate**

31. An exemption rate (or equivalent provisions) currently applies to the majority of awards that would be subsumed by our award proposal (as illustrated by Exhibit Finance 5). Further, all the level of the exemption rate in all the awards closely equate to the exemption rate in the proposed award. The exemption rate that we propose is the one that applies in the existing credit union awards applying in NSW, ACT, Vic, QLD and WA.
32. The exemption rate has its genesis in the NSW Clerks (State) Award from which the credit union award was born (as a consequence of the decision of Deputy President McBean on 21 August 1992) and from which the Clerical and Administrative Employees in Permanent Building Societies (State) Award was born.

33. As such the concept of an exemption provision has been a feature of award regulation for at least the last fifty years (in *Re Clerks (State) Award*, 53 AR, 16 September 1954; 307 at p.315, it was noted that the award 'has for many years contained an exemption rate').
34. It has been accepted as being an appropriate provision when making the various awards that would be subsumed within the coverage of our proposed award and appropriate for continuation through the Structural Efficiency and Minimum Rates Adjustment Principles and through award simplification.
35. The exemption clause its wording and effect is, therefore, now such an integral part of award regulation in the overwhelming majority of awards applying to the industry that would make it inappropriate to separate from remainder of the award structure. For example, it may well have been that the general conditions of the award may have been far less prescriptive, or that may not have extended to more senior employees.
36. A further difficulty which arises is that employees currently subject to the exemption clause would then also receive overtime and other penalty rates which the salary payable would already comprehend. This would give rise to concerns of double counting, moreover, it would result in additional costs for employers who would now have to pay overtime to such employees. This result would be contrary to the Minister's Request that award modernisation not increase costs for employers.

37. AFEI submits that its proposed classification structure and rates of pay as far as possible reflect existing provisions applying to credit unions and permanent building societies. The structure is easy to understand and simple to apply and is consistent with the provisions of the Act and the request. Accordingly it is most appropriate for inclusion in a modern award.



**THE  
EMPLOYERS'  
FEDERATION**  
OF NEW SOUTH WALES

313 Sussex Street, SYDNEY NSW 2000 PO Box A233, SYDNEY SOUTH NSW 2000  
Tel (02) 264 2000, Fax (02) 261 1968

**URGENT**

## AWARD VARIATION



**CIRCULAR NO 269/92**  
**TM:RS**

24 December 1992

### CREDIT UNION AWARD

The purpose of this circular is to advise of changes to award rates of pay as a result of minimum rates adjustments and to briefly comment on enterprise bargaining.

#### MINIMUM RATES ADJUSTMENTS

At the time the above award was made, the Federation and the Finance Sector Union (FSU) reached an in-principle agreement to implement the Minimum Rates Adjustment Principle of the National Wage Case decision of August 1989.

The relativities resulting from the minimum rates process are detailed below.

	Relativity	Final Rate
Grade 1	90%	\$20,056 pa
Grade 2	95%	\$21,145 pa
Grade 3	100%	\$21,827 pa
Grade 4	105%	\$23,397 pa

No change was required to the rates for Grades 5, 6 and 7.

These minimum rates adjustments are to be phased-in over two instalments (the first one applying retrospectively from 1 October 1992 and the second applying from 1 April 1993). The phasing-in process is reflected in Wage Rate Schedules No 2 and 3 (enclosed) and is detailed below.

	From the first pay period commencing on or after 1 October 1992	From the first pay period commencing on or after 1 April 1993
<b>Grade 1</b>	\$	\$
17 Years or less	10,065	10,367
18 Years	12,364	12,736
19 Years	14,215	14,638
20 Years	16,746	17,248
21 Years	19,472	20,056
<b>Grade 2</b>		
17 Years or Less	12,613	12,941
18 Years	14,467	14,843
19 Years	15,888	16,301
20 Years	17,640	18,099
Adult	20,609	21,145
Grade 3	21,514	21,827
Grade 4	22,863	23,397
Grade 5	25,403	25,403
Grade 6	28,505	28,505
Grade 7	32,728	32,728

**NOTE: ANY WAGE INCREASES RESULTING FROM MINIMUM RATES ADJUSTMENTS ARE TO BE ABSORBED TO THE EXTENT OF EXISTING OVER-AWARD PAYMENTS.**

**ENTERPRISE BARGAINING**

A number of credit unions have received correspondence from the FSU regarding enterprise bargaining under the October 1991 National Wage Case decision and enclosing a "draft agreement on an enterprise bargaining framework".

The account given in the page headed "Enterprise Bargaining Principle" is an accurate reflection of the principle as detailed in the National Wage Case.

Nevertheless, the draft agreement proposed by the union should be considered an ambit claim, and should only be considered as a basis for discussion.

In this regard, it should be noted that participation in enterprise bargaining is voluntary for both employers and unions. Enterprise Bargaining may suit some credit unions but not others.

Members contemplating enterprise bargaining should not enter into the process without first having discussions with the Employers' Federation as to what it involves.

Should there be any queries, please do not hesitate to contact the Employers' Federation's Industrial Services Section on (02) 264 2000.

**TIM McDONALD**  
SENIOR INDUSTRIAL OFFICER

WAGE RATE SCHEDULES NOS 2 AND 3 REFER