



FSU
AUSTRALIA

Finance Sector Union
Account



What
members
say

about

Performance

Gender

Executive

PAY

PAY

PAY

equity

PAY

PAY

and
working
conditions
in India

Autumn 2010

www.fsunion.org.au

The **PAY** issue

Pay. We plan our day to day existence around it. It puts food on the table and a roof over our head. It pays the bills, pays for holidays, and if we have enough of it or we're careful with it, allows us to save for a rainy day. It's a principle reason why we work and an issue of great importance to FSU members.

For Australian workers, the method of determining the amount of pay received has changed significantly in the last few decades. From centralised wage fixing by the Arbitration Commission through Awards, to enterprise bargaining.

The Prices and Income Accord of the 1980s between unions and the ALP resulted in award restructuring and collective bargaining at the workplace.

The industrial reforms of the Howard Government saw many employers, particularly in the finance sector, walk away from bargaining collectively with workers.

In place of collective bargaining the finance sector moved to market based pay, performance pay, pay pools, pay freezes and a range of individual arrangements, including AWAs.

With the election of the Rudd Government and the introduction of a new Fair Work Act, collective bargaining is back on the agenda. But there is still a desire by employers in our sector to maintain the pay systems they adopted, particularly performance pay systems.

This is despite the overwhelming desire of union members for across the board pay increases to be paid by their employer. Such increases must provide real wage growth by being greater than increases in the cost of living.

This remains our union's policy and the position we pursue at the bargaining table. We do not oppose extra recognition for performance or other at risk remuneration such as bonuses, but they must be paid on top of across the board pay increases.

The employer push for pay structures that are tied to performance outcomes, especially meeting imposed sales targets and work objectives, is a concerted effort to undermine employees' rights to collectively bargain real wage increases.

By individualising pay increases based on management prerogative, not only do employers have complete discretion over wage costs, they have another powerful tool to use to divide and exploit employees by demanding more and more work output from them.

And such systems only serve to entrench problems such as pay inequity, especially between the sexes. In the finance industry, the gender pay gap has increased to 28% in recent years. Not surprisingly, this coincides with the employer push to market and performance based pay.

From a simple, award-based pay system, pay in the modern world of work has become incredibly complex. We aim to shed some light on this critical issue in this edition of *Account*. If you have a query about pay or any other entitlement please call the Member Rights Centre on 1300 366 378 so your union can advise you.



A handwritten signature in black ink, appearing to read 'L Carter'.

Leon Carter
National Secretary

It can be hard enough to make ends meet.

So imagine how distressed you would be if your pay was short, not just once, but three times.

Staff employed by Suncorp experienced “pay glitches” recently, and members contacted FSU for assistance.

Two years after the merger of Suncorp and Promina, staff working in the old Promina group of insurers (e.g. AAMI, Vero, GIO) were advised at the beginning of this year that they would be changing pay systems, and all staff would be paid via the Suncorp pay system. Payroll functions for Suncorp were offshored last year, and the roles are now performed by workers based in India.

FSU member Carol McGowan spoke to *Account* about her experience.

“I was so stressed over it,” said Carol.

Carol McGowan loves her job. She’s worked for AAMI for fifteen years, and is a member of the overnight crew, working while the rest of us are sleeping. Most recently, Carol and her colleagues have been assisting the processing of 40,000 claims following damaging storms in Melbourne.

In mid-February this year, Carol’s pay was deposited in her account on the usual pay day, which is Wednesday each fortnight. When she checked her account, she was dismayed to find her pay was \$605 short.

“I paid my mortgage and had about \$50 left to live on. I live alone, and there’s no one else to back me up, so I really needed my pay,” Carol told *Account*.

“I rang my manager every night asking where my pay was. We were told it was a bit of a glitch that wouldn’t happen again, and I received the rest of my pay on Saturday that week.”

In the meantime, Suncorp notified the FSU that there had been an error processing some pays, and the company were rectifying the problem for all affected staff. At Carol’s workplace, all seventeen members of the overnight crew were affected.

“There were huge mistakes all around. Luckily I was able to get through the rest of the week, I was able to borrow some money from my elderly mother, and we had a bit of a laugh about it at work. These things happen,” said Carol.

When pay day came around the following fortnight, the same problem occurred. Carol’s pay was \$600 short again.

“The second time it happened I got really angry. It was scary. The first time it happened we laughed it off, and were pretty forgiving. The next time, we all jumped online to check that our pay had gone into our accounts. When we realised there were errors with our pay again, the atmosphere changed; everyone became quite upset,” said Carol.

Again, Suncorp worked on rectifying the pays, and Carol’s pay was sorted out within a couple of days. Not all of her colleagues were so lucky, with some having to wait longer for their full pay.

“It’s only money, but when you’re relying on it and it doesn’t show up it creates real problems. You feel quite physically sick, and you can’t concentrate. I had massive migraines. You’ve got to re-work out your shopping, and how you’re going to live for the fortnight,” Carol told *Account*.



FSU member Carol McGowan, after a night of talking to AAMI policy holders affected by storms in Perth.

When the pays were messed up for a third time, with too much tax deducted from her gross pay leaving her \$200 short, Carol contacted the FSU for assistance.

“You’re crazy not to be in the union. Sometimes, just saying, ‘hey, I’m reporting you to the union’ is enough to head off problems at work.”

FSU has ensured that all members affected by payroll errors have now received their full pay. Suncorp has issued an apology to all affected staff. Carol McGowan is adopting a wait-and-see attitude though.

“We know that a lot of Australian based payroll staff have been retrenched, and that our pays are now processed in India. When you’ve had problems with your pay for 3 pay periods in a row, it’s hard to be optimistic. I’ll be checking my pay carefully this week, and if there are any more problems I’ll go straight to the union. It’s just not good enough.”

“You’re crazy not to be in the union. Sometimes, just saying, ‘hey, I’m reporting you to the union’ is enough to head off problems at work.”

What members say about pay

“I work long hours and my position is stressful and I don't feel like I am remunerated for my efforts and hard work.” – BT member, NSW

With bargaining back on the agenda following the introduction of new Fair Work legislation, FSU members have been vocal about their expectations and desire to be paid enough to keep their heads above water.

Member input and feedback is a crucial element of the information FSU negotiators have at their disposal when representing you at the bargaining table.

“Targets go up, expectations go up, performance needs to be “lifted”, customers' needs increase, workload increases, but our pay seems to be the last thing that increases”.
– St George member, VIC

FSU Rep Suzi Hallett, pictured below, found members' input invaluable when joining the negotiating team for a union collective agreement at **Zurich**.



“We spoke to members one on one, and then surveyed everyone, making sure we included a notes section so members could write down their concerns. We developed our claim from that survey,” said Suzi.

“We are still customers of the bank and we are facing an increase in interest rates, increased cost of living, rates, and groceries. I think it is only fair that we all get an across the board pay increase,” – Westpac member, QLD

For **FSU Westpac National Enterprise Council President, Fiona Jordan**, pictured below, it was physically impossible to directly speak to all of Westpac's 30,000 employees, so Fiona began blogging, and sending regular emails to Westpac members in the lead up to, and during negotiations for a new collective agreement.



“I was encouraged by the number and quality of responses I received every time we published a new blog. Reading so many powerful individual stories from members made me acutely aware of the responsibility of negotiating on behalf of my colleagues, and I gained a lot of strength from those messages,” Fiona told Account.

“I could confidently argue issues of concern at the negotiations because I had so many real examples I could point to, thanks to members being willing to share their experiences with me,” said Fiona.

“Cost of living is going up, but my salary sure ain't!”
– ANZ member, SA

It all adds up: Everyone is better off in a union!

With bargaining underway, or due to commence this year at many finance sector workplaces, FSU will be discussing pay and other conditions with members throughout the year. Make sure you have your say on the things that are important to you. Every survey completed, every email sent, is read and taken into account by the FSU negotiators. Your say really does matter.

Agreements recently concluded

Enterprise	Pay outcome
Allianz	Minimum 3% remuneration pool per year.
AustralianSuper	4% per annum in the first 2 years, 4.5% in the third year of the Agreement.
AXA	Minimum annual pay increases of 2.5%, 2% or 1.5% depending on performance rating.
Gosnells Financial Services Pty Ltd	4.5% backdated to 1 July 2009 and another 4.5% in December 2010.
Health Employees Superannuation Trust of Australia (HESTA)	4% per annum in the first 2 years, 4.5% in the third year of the Agreement.
RAC Insurance	Minimum 3% per year with further payments available from performance pool.
Zurich	14% over 4 years (3% per year in the first 2 years, 4% per year in the next 2 years).

It all adds up: Everyone is better off in a union!

It's a fact that union members get a better deal overall than non-members: higher rates of pay, safer workplaces and better conditions all round. This is particularly the case when the majority of the workplace is unionised and organised.

Who says so? The Australian Bureau of Statistics for one. ABS data shows that the average earnings of a union member is \$1026 a week, which is \$96 a week more than non-union members (\$930). (Source: Table 14, p42 ABS 6310.0 Aug 2008).

But the ABS is not alone. International research points to similar outcomes overseas, and even the World Bank recognises the value of union membership.

The World Bank's 2003 report Unions and Collective Bargaining: Economic Effects in a Global Environment says that union members and other workers covered by collective agreements in industrial as well as in developing countries, get significantly higher average wages than workers who are not affiliated with a trade union.

Currently negotiating or about to commence negotiations:

- ANZ
- CBA
- Fire Brigade Employees Credit Union NSW
- Host-Plus
- Service One Members Banking
- Westpac

Committed to bargaining with FSU in 2010:

- Holiday Coast Credit Union
- IAG
- NAB
- Suncorp





The finance sector still has one of the worst gender pay gaps of any industry. 2009 figures had women – on average – earning just 72% of what men earn.

Why do we still have a problem?

No one deliberately pays men and women different rates for doing the same work. However our industry has some tricky features when it comes to pay. These issues are not unique to Australia – in the UK too, the finance sector has the largest gender pay gap of any industry.

Some of the factors which contribute include:

- Pay for performance/bonuses/incentives/commissions;
- Women and men are concentrated in jobs which are valued differently; eg: sales v service jobs;
- The job evaluation systems themselves can be unfair;
- Many women work part-time or return to lower paid, part-time jobs from parental leave;
- Part-timers have less access to training and career path opportunities;
- Men may negotiate higher start rates on entering the industry;
- There is not a fair and accepted way of classifying finance sector jobs
- Unpaid overtime and unfair job design;
- Lack of up-take of diversity or flexible work provisions.

The irony is that the finance sector pay gap exists amongst some of the richest employers in the country.

What has the FSU done to address the gender pay gap?

In 2006 the FSU held an Industry Symposium – attended by 3 of the 4 major banks as well as smaller banks, insurance companies and superannuation funds. The Symposium brought the issue to the front of people's minds and several companies agreed to work with FSU.

In 2006/07 FSU completed the first joint union-employer gender pay audit with NAB. The audit found a gender pay gap that was mainly the result of job segregation – women were concentrated in low paid jobs. Recommendations were adopted which will look at the design of jobs and the hours expected to be worked in high paid jobs, as well as training and access to career paths.

FSU is currently working on a gender pay audit with another Bank, and NAB and FSU have committed to returning to look at the gender pay gap in 2010.

In addition, FSU has made submissions to the Government on various inquiries relating to industrial legislation, the Equal Opportunity for Women in the Workplace Act and the recent House of Representatives Inquiry into Pay Equity and associated issues.

What are the future options for closing the pay gap?

The new Fair Work Act has improved the Equal Remuneration principles to reflect the stronger provisions available in some state industrial legislation. It's hoped that in practice the law will now focus on jobs that have traditionally been undervalued, rather than requiring jobs to be compared with other jobs.

Some time in 2010, Fair Work Australia will hear an equal pay case on behalf of Social Workers and others. The case will 'test' the new Act and hopefully improve the valuing of this work, and therefore the pay. This case will most likely take several years and any pay increases would be phased-in over some time.

The FSU would make quicker inroads into the gender pay gap if we too could have the independent tribunal make a ruling. However, it's more difficult to run such a case in finance as we don't have consistent classification structures where jobs can be assigned a value. We are considering:

- Which jobs would be worth investigating for a future case?

- Can we work on having these jobs valued in a new way which does not involve gender bias?
- How committed are employers to cooperating in this work?

What short-term improvements could be made?

FSU has pay equity provisions in several enterprise agreements, and will continue to seek gender pay and other diversity provisions in new Agreements.

We must also resist the employer rush to performance based pay; studies show that women lose out under these systems.

Other recommendations the union has made and which may be approved by the Government include:

- Establishing a specialized Pay Equity Unit in Fair Work Australia to ensure there are specific resources focused on this area.
- Mandatory pay equity audits for large employers.
- Strengthening criteria for achieving any workplace awards or "Employer of Choice" status; i.e.- employers must implement their policies as a priority, not just write them.
- Improved data collection.
- Job design making it possible to return to work at the same level following a period of parental leave.
- Measures to ensure an end to indirect discrimination around promotions due to perceived inflexibilities, or the effects of family responsibilities.
- Increased promotion of flexible work options for workers.
- An end to unpaid overtime, understaffing and intensive workloads – particularly in retail banking – which block women's access to time away for vocational training and thereby block their opportunities for progression.

Prepare your daughter for working life: give her less pocket money than your son





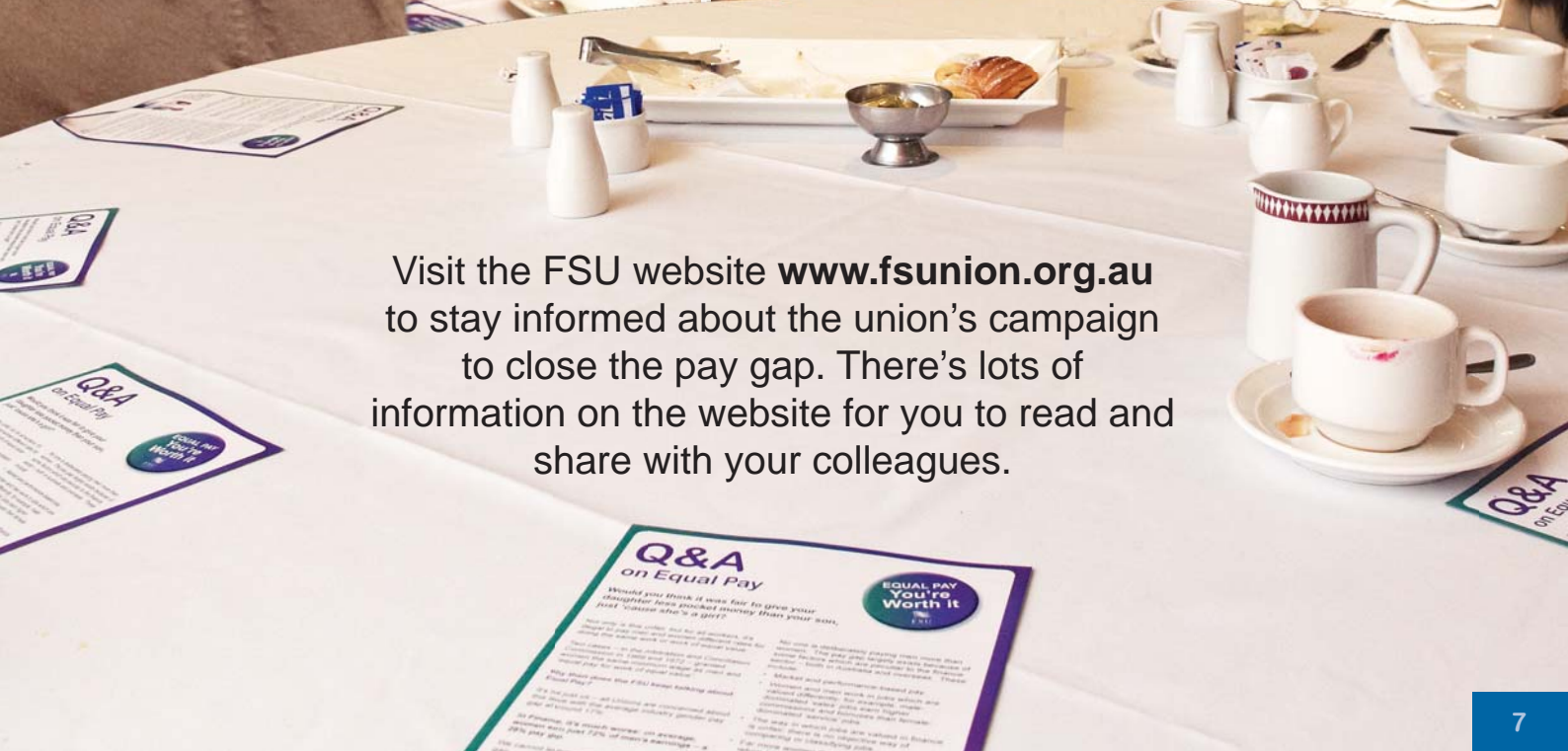
Early on a cool autumn morning FSU members came together at a breakfast in Melbourne to celebrate International Women's Day.

Members were thoroughly entertained by our delightful Master of Ceremonies, Good News Week's Claire Hooper.

FSU National Director Wendy Streets (pictured left) provided information on the reasons for the gender pay gap in the finance sector, and measures FSU is undertaking with employers in order to address it.



Visit the FSU website www.fsunion.org.au to stay informed about the union's campaign to close the pay gap. There's lots of information on the website for you to read and share with your colleagues.



The case of the shrinking payment

At the conclusion of negotiations for a variation to the NAB Collective Agreement, members were pleased to learn FSU had secured a one-off payment of \$750 for Group 1 and 2 NAB staff, to be paid upon certification of the Agreement.

However a nasty surprise was in store. Instead of making the payment in full, NAB deducted superannuation from the amount due, bringing the amount paid to full time staff to under \$700.

Ordinarily, superannuation contributions are paid in addition to earnings, and the amount paid is a percentage of ordinary earnings. Deductions are only made when employees elect to top-up their superannuation by making a contribution in addition to the employer's contribution.

For many weeks, FSU members fought this decision. The union communicated with the bank and pointed out the error, but the bank held firm.

FSU lodged a dispute with Fair Work Australia, and attended a private conference at the end of October to try and seek a resolution. At the conclusion of the conference, the parties were asked to make written submissions, with FSU's due on November 10, and NAB's response due on 24 November.

The union laid out the case again, and awaited NAB's response.

On Friday 20th November, NAB advised that there had been a "misunderstanding" by some staff regarding the \$750 payment, and that the bank had decided to pay the full amount due, and contribute 10% superannuation.



L to R: NAB staff members - Graham Winn, Mary Taranto, Ciaran Cassidy.

Sometimes, even the big guys get it wrong. And when they do, members can stand up for their rights and win them back!

Almost \$9.5m recovered for members

In the last quarter of 2009, FSU recovered \$2,375,333 for members. That's \$2m out of the employers' coffers, and into the pockets of members. Over the whole of last year, a total of almost \$9.5m was clawed back for members, in individual amounts, both large and small. Each win made a big difference to the member. Can you afford not to join?

Pay is important, but FSU can help you with other employment issues too. Here's a few examples of cases the union has run and won recently:

A member at NAB was not paid for sick leave until FSU stepped in. The bank paid the outstanding 6 days sick leave after contact from the union.

A member selected for redundancy after making a Workers Compensation claim contacted FSU for assistance. Relying on new general protection provisions in the Fair Work Act, the union achieved a settlement with the employer that saw the member receive approximately 10 weeks pay and amendments to the statement of service document.

When a member from a regional branch of a medium sized bank was unfairly dismissed FSU, with the assistance of Fair Work Australia negotiated a payment to settle the claim. When added to payments the member had already received, the total settlement was close to 6 months pay.

Two members at St George bank asked for FSU assistance after receiving first and final warnings. In one case, the bank had no evidence to warrant a final warning, and withdrew the warning at the request of the union. In the second case, on the bank's evidence the severity of the warning was unwarranted. The union successfully reduced the warning to first warning status, which will expire after six months.

A member with a disability was subjected to performance counselling after having difficulty meeting increased targets on a consistent basis. FSU's representation resulted in the employer agreeing to suspend performance counselling, and arrange for an independent assessment of the member's ability to perform required tasks. This assessment led to the introduction of a supported wage scheme for the member, which allows them to continue working and get government support outside of the workplace.

Can you afford to donate your overtime to your employer?

Long hours are a fact of life in many finance sector workplaces, and the only thing attractive about additional hours at work is the promise of extra pay at the end of the fortnight.

FSU often receives calls from members who are working unpaid overtime, and are told by their local management that there's no money in the budget to pay overtime, or are advised to only record their rostered hours, rather than their actual hours, in attendance records.

Attendance records must accurately reflect your starting and finishing times, for very good reason. It is one way to ensure you are paid for all the hours that you are required to work. It is also one way you can prove you were at work, should you need to do so – establishing your attendance can be very important in any contested case about injuries occurring at work, for example.

Your accurate attendance record assists you to claim pay that is due to you. For a CBA member in Queensland, the fact that she had recorded her actual hours of work, rather than her rostered hours of work, meant she was able to claim almost \$1,000 overtime from the bank that had previously been unpaid.

FSU urges members to challenge any direction to falsify attendance records, or make inaccurate entries. Call FSU if you need some help in that regard. **If you are recording all of your hours and your employer still won't pay you for overtime worked, we can help with that too. Call 1300 366 378.**

You're not alone.

If you are working unpaid overtime, chances are you are not alone. Talk to your workmates; if they are in the same boat you may be able to support each other and make a collective claim for overtime. Last year, the FSU successfully made claims for overtime payments for groups of employees in a number of workplaces.

Three good examples from NSW, where FSU helped members working at CBA:

Liverpool and Castlereagh Streets, Sydney

Members complained that they were instructed to stay back at work for a daily de-brief, but were not paid for the overtime worked. Members also advised the union they wished to be paid for additional hours worked in the past. All staff wanted to be part of the claim, and FSU made representations to the bank. CBA responded to the employees collective claim by making a payment to all impacted staff, and all branches in the area were directed by the bank to ensure that staff finish work on time in future.

Elizabeth and Foveaux Streets, Sydney

Members reported consistently working beyond their scheduled hours and wanted to be part of a process to fix the situation. All staff participated, and provided information to support the claim made by FSU on the employees' behalf. In total, the bank paid \$11,000 to affected staff, in overtime payments.

Residential course

Members attending a residential course were denied overtime as the bank said that attendance at the course was voluntary and would benefit all staff. Members got together and completed a survey outlining their views on this issue. The survey



**Work it,
record it,
claim it.**



indicated all staff believed attendance at the residential course was compulsory, and therefore overtime should have been paid for attendance outside of normal hours. Armed with the staff surveys, FSU successfully argued that overtime be approved.

What if your employer wants to cut established overtime?

Several members working with a major insurance company contacted FSU when they were given a few days' notice that their established shift hours and days would be substantially altered as a result of changed business needs.

This affected the members' leave arrangements, and reduced their regular penalty payments and overall income level. The employer refused the employees' requests to consider amending the proposed new shift arrangements.

FSU met with the company in December and January, and the discussions culminated in a conference at Fair Work Australia.

At the conclusion, the insurance company agreed to consider further changes to shift rosters to accommodate leave and personal/family responsibilities for these members, and provided them with the opportunity to volunteer to work extra hours on a voluntary basis so they could still earn penalty payments.

Performance Pays – Or Does it?

No one disputes the idea of being recognised for good performance, but does that mean that pay increases should be solely determined based on performance?

Which raises further questions about how and who determines performance ratings and whether the process is fair?

Account decided to ask members their views in a survey conducted last year and the results, while perhaps unsurprising, highlight the flaws in pay systems over reliant on performance measures.

Here are some of the key findings, see if you can read between the lines:

- 48% of members disagree that their pay properly rewards the work they do.
- 30% do not believe that their employer pays in line with the market rate, but a further 30% are unsure.
- 50% disagree that their employer is a market leader on pay, with a further 37% unsure.

Mmmm. Information is power, but it costs big money to access market rate pay reports to find out if you're getting paid what you're worth.

- Only 24% of members say that their employer pays across the board pay increases.
- 59% agree that they only get pay increases if their performance rating is satisfactory.
- Yet more than 50% disagree that their performance is reviewed fairly! With a further 41% saying that performance assessments are not open and honest processes.
- 33% say that they rely on bonuses to earn a satisfactory income.

Ahhah! So members are denied across the board pay increases and are forced to be reliant on unfair performance ratings.

So what determines these performance outcomes other than how your manager feels about you?

According to 68% of members meeting targets determines whether they receive pay increases or not. Fair enough, that at least sounds objective.

But, 71% say they have no input into their targets; 78% say they are given no opportunity to agree their targets before they are set; 40% say their targets are changed before the end of the cycle; and 67% say local factors are not taken into account when targets are set.

The outcome is that 57% of members feel they are bullied by managers to meet targets; 60% say they cannot meet their targets in ordinary work hours; and 63% say they are fearful they will lose their job if they don't meet their targets.

But does it lead to better productivity? Well no. 57% say that targets have a negative impact on their ability to provide good customer service and 50% say they feel obliged to sell products even if they are sure the customer doesn't need them.

So should pay increases be solely reliant on performance? We think not.

National Australia Group Union Conference



UK



NZ



AUS

In the last week of February the three unions who represent NAG employees around the world came together for their bi-annual conference. Delegates and officials from FSU, Finsec (NZ) and Unite (UK) met for three days under the banner of "A New Relationship in a New Environment".

The GFC has had varying effects on the different countries but the overwhelming desire of all three unions is that the banking industry regain the respect it has lost and that lessons are learnt from the GFC. Good regulation and changed practices need to be put in place to protect employees and consumers from this ever happening again.

Michael Ulmer, deputy CEO of NAB addressed the conference and gave an explanation of NAB's business strategy. Michael also took questions from the delegates around the union's key areas of concern which are:

- **Pay, performance pay and targets**
- **Dignity at work - enterprise behaviours**
- **Offshoring, outsourcing and job security**
- **Organising rights**

These issues will form the basis of the work between the three unions and NAG over the coming months and we will report back to members as progress is made.

The right to request flexible working arrangements

Flexibility has been an employment buzz word for years. The problem is that often the flexibility goes one way. For example, employees might “buy out” their overtime, only to find their hours keep extending, or women returning from maternity leave part-time may end up working full-time hours for part-time money.

In the finance sector, employers talk about how flexible and family friendly they are, but the culture of long-hours and unpaid overtime often mean that employer policies don't work in practice.

For the first time in Australian law, workers now have a right to request flexible working arrangements to assist them in caring for a child who is:

- under school age; or
- under 18 years of age and has a disability.

All employers have a duty to respond to such requests and must do so within 21 days, in writing. If the request is refused, they must provide reasons.

So what does the Government mean by ‘flexible working arrangements’?

The Government has not mandated the form which flexible arrangements must take. This is to encourage employees and employers to make arrangements which suit them and their businesses.

Examples may include:

- changes in hours of work (such as reductions in hours, or changes to start finish times)
- changes in patterns of work (e.g. Job sharing)
- changes in location (such as work from home)
- or a combination of these.

The “Right to Request” has been law in the United Kingdom since 2003. There, an employer must provide evidence that it has exhausted steps to investigate the request. Over time in the UK, factors such as cost, inability to staff a change and planned structural changes, have been deemed reasonable grounds for refusing a request.

In Australia, the only test is “reasonable business grounds” and there is no guidance in the legislation about what may be considered ‘reasonable’.

It's therefore essential that Unions inform and educate members about their rights and assist them in making requests for flexible working arrangements in writing.



What should employees look out for?

In the UK workers have been impeded by a lack of knowledge of their entitlement to request flexible working arrangements, and the absence of standard forms or procedures for doing so.

Fair Work has developed a template for workers to use in making their requests; (see www.fairwork.gov.au/info/workandfamily). **Members should talk to their FSU Rep or call the FSU Member Rights Centre on 1300 366 378 if assistance is required.**

Here's some key factors members should consider:

- By law, the employer must consider any request for flexible working arrangements – a request cannot simply be dismissed.
- Is the employer planning any restructures in the area?
- Be aware of the need to be kept informed of changes or promotional opportunities.
- Employees must not be discriminated against – either directly or indirectly – for making a request for flexible working arrangements.
- Employees should ask for copies of the company's work and family or flexible work policies.
- How realistic is the request in terms of workloads and peak times of work intensity?
- Employees should be prepared to trial any arrangement (say, for a 3 month period) but make sure this is all documented in writing.

Summary of the Right to Request

All employees with at least 12 months continuous service who have:

- a child under school age or
- a child under 18 years of age with a disability are eligible to make a request. This includes long-term casuals.

The request must be in writing and must set out the desired change and reasons for the change.

The employer must respond, in writing, within 21 days.

If the request is rejected, this must only be on ‘reasonable business grounds’.

The employer must provide reasons, in writing, for rejecting a request.

Reining it in: Executive pay in Australia

The **Australia Institute**

Research that matters.

At the peak of the global financial crisis the Prime Minister was full of bravado as he stood up for workers and their families in denouncing the 'outrageous' size of executive pay packets. Less than a year later his government was talking down strong action and expectations.

Now, the Productivity Commission has given the government the cover it needs to squib the issue.

The Commission's final report reveals little inclination to seriously address excessive executive remuneration. While its recommendations aimed at reassuring shareholders have been watered down, there is a distinct lack of recommendations aimed at addressing the equity issue which the report so starkly highlights.

Between 1993 and 2008 the average pay of CEOs in Australia's top 100 public companies skyrocketed from just over half a million dollars to \$3.2 million. During the same period the average weekly wage approximately doubled to an incomparable \$62,218.

The market has not served to keep a check on this increasing gap.

This pay disparity between executives and workers is not, however, a universal phenomenon. Greater pay parity is evident in Europe than in Australia while greater disparity is present in the UK and the US.

Increasing pay disparity has been attributed to a shift from salaries to performance incentives. This shift has also been cited as a contributing factor in the global financial crisis with greater risk taking used to improve performance outcomes. In Australia this shift was advanced by an influx of US executives in the mid 1990s.

The role of bonuses and share options in the US grew in response to the Clinton administration's attempt to limit executive pay.

However, the limit on executive pay failed to include performance-based pay and incentives, a critical shortcoming. The limiting of salary levels alone resulted in counterproductive increases in share-based payments. Australia does not want to make the same mistake.

Yet, the US experience does not rule out an acceptability cap on what is a reasonable rate of pay as argued by the Productivity Commission.

Determining a reasonable pay rate for executives, while still permitting a company and its shareholders to pay above this rate if they wished, is a constructive approach to executive pay. Payments above this reasonable rate would not be considered a payroll expense and would therefore not be considered a legitimate company expense and tax deductible.

Using an acceptability limit would mean shareholders, rather than tax payers, would be the ones paying for the gift of 'status money'. This is likely to lead to far more scrutiny of payments and in turn to more reasonable levels of executive pay.

The Productivity Commission's dismissal of this approach is based on the experience of the US. However, with the benefit of this experience a variable rate of reasonable pay, taking into account the size and responsibility of an executive's role, along with reforms to capital gains taxation would eliminate the shortfalls manifest in the US experience.

Australia's capital gains system provides a tax advantage and incentive for executives to opt for payment in the form of shares. While there is a risk in accepting a variable entity as payment the 50 per cent tax discount offsets this risk and increases its attractiveness.

Removing the concession on capital gains tax would address many of the issues surrounding excessive executive pay.

The concessional tax rate on capital gains is a far greater incentive to share-based payments than a variable rate of reasonable pay would be. Yet, the Productivity Commission left this concern unaddressed.

Another simple but effective option is to increase the top marginal income tax rate.

During the GFC the Prime Minister succinctly articulated what was at the heart of public disquiet over executive pay:

'The key thing with executive pay is this – first of all, people around the world are fed up and angry with these outrageous packages paid to financial company executives who have contributed so much to what has gone wrong in the global economy. And who pays the price? Working people and their jobs.'

Having now been given the lacklustre Productivity Commission report it is up to the government to stand by its earlier convictions and address this outrage. Otherwise it will be another case of all talk, no action.

David Baker is a Research Fellow at The Australia Institute, a Canberra-based think tank, and is co-author of the report *Reining it in: executive pay in Australia* available at www.tai.org.au



1920

1970



1990

2009 >



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Stop the race to the bottom, say Indian IT workers

In the debate around the offshoring of Australian finance jobs, there's a belief that lower labour costs provide motivation to send jobs offshore. How accurate is that belief? *Account* asked Karthik Shekhar, the General Secretary of Unites Professionals, the union for IT workers in India, about pay and conditions in the Indian finance sector.



What sort of finance sector occupations do Unites Professionals cover?

We cover the people who work in IT-BPO industries in India which include both Indian and multinational companies that have a presence in finance. Our members work in finance software development, services and products, finance consulting services, BPO services, e-commerce & web services, animation and gaming. The range is quiet huge. There are more than 1200 companies employing over 2.4 million professionals and the average age of this group is 23 years.

What are the 3 biggest issues for IT workers in India?

1. shifts and unnatural work time (because they have to work in different time zones and this keeps changing with the project/client etc)
2. very strict performance monitoring which is aligned to pay and/or promotion, thereby leading to very quick burn out and high stress
3. safety and health issues.

What are the minimum pay rates?

These are the **fortnightly pay rates in Australian dollars for working six days per week**. The one day off each week could fall on any day of the week.

IT professional	
At entry level	\$165 to \$445
At Mid level	\$450 to \$1610
At Top level	\$1660 to \$4440
Bank teller	
At entry level	\$165 to \$220
At Mid level	\$275 to \$780
At Top level*	\$830 to \$2220 (*not many get to this level)
Back office processing	
At entry level	\$165 to \$220
At Mid level	\$275 to \$450
At Top level	No top level
Call centre	
At entry level	\$165 to \$220
At Mid level	\$450 to \$780
At Top level	\$1660 to \$4440
Insurance assessor	
(they have a commission component in the salary and it is based on performance though this varies from company to company)	
At entry level	\$165 to \$220
At Mid level	\$450 to \$780
At Top level	\$1660 to \$4440

What standard of living do these wages provide?

Compared to a lot of other industries all the occupations listed above are considered as white collar and give a fairly comfortable job/life for the employees. The struggle is to retain them. We have a labour surplus in the market; for every job there are hundreds of applicants. Sometimes top performing employees are in a position to bargain better salary and terms from employers. But at the same time employers give them this and extract more work and/or longer hours.

Do Superannuation or Retirement Funds exist in India?

There are two types of workers in India. Those that are organised, and those that are not. Indian workers who are organised have campaigned for Superannuation or Retirement Funds from the Government of India or from their employers, but those who are not organised do not get anything. We do not have a social security net for all. So the employees have to get organised and campaign for it themselves or with their union.

Where are the best places for IT professionals to work in the Indian finance sector?

Almost all IT-BPO professionals have quite good working conditions that is why it is most favoured job. The best conditions are with top twenty companies of India, who are also top twenty in the world.

Do finance sector workers in India have to meet performance targets?

Yes. All pay is linked to performance.

Is there awareness in the Indian finance sector about consumer concern about data privacy, particularly when dealing with offshore clients?

It is happening now but the employers need to focus more on this. They are so concerned with making the employees work they hardly spend time on consumer concern about data privacy, particularly when dealing with offshore clients. We are also upset that both Indian and Multinational companies do not train their employees in OHS.

Is there an awareness of consumer anger in Australia about Australian jobs going offshore? How do your members feel about this?

Yes we are aware of this not only about Australia, we are also aware of concerns in the UK, US and other countries. We are happy to get work here but at the same time we do not want anyone to lose their job in these countries. Our members feel the companies who save so much money by transferring jobs here should use the profit to generate more jobs in these countries, but we are helpless. We also now have competition for jobs from the Philippines and China, where some of the jobs that were created in India are now being off-shored to. The only answer to this is we should stop the "race to bottom".

What are the challenges for Unites Professionals?

High expectations from the outsourcing companies tend to force the young workers to come under tremendous pressure and as the outsourcers think only of achieving targets and their earnings, these workers are expected to achieve performance which is humanly impossible. This leads to extreme working conditions and little or no breaks, thereby leading to stress and its aftereffects.

Our entire country follows an international law of an eight hour working day, however in the IT industry this law is systematically killed and an employee is working on an average between 12 to 16 hours a day. This is not enforced by the company but is expected in order to meet the targets. Due to this, family life and social interaction is completely collapsed leading to isolation, trauma and in certain cases leading to mental depression.

The tasks that our members perform are diverse; the problem that this creates is that there can be no standardised training program suitable to all the IT & ITES professionals that can be given to the prospective employees before they are actually absorbed into the company.

Labour laws of this country ensure to follow procedure in case of lay off or retrenchment but in the IT industry Hire and Fire policy seems to be the only rule, and this is used to keep employees on their toes.

Due to odd hour duty their health is affected, even their safety is compromised, while they are abroad even the living wages is not given as per that countries wages/conditions. As many young women employees are joining this industry there is a huge sexual harassment taking place due to non implementation of Vishaka Guidelines (to prevent sexual harassment) as directed by the Indian courts.

NASSCOM the employer's body regulates the intake of youth by making them take a skills test/ registration which is being made mandatory and also used to black list employees who voice their opinions or question management decision. It is against the freedom of association as envisaged in the constitution of India

Where would you like to see the Indian IT/ITES sector in 10 years?

1. Strengthen UNITES Organising
2. Partner with Government of India and State Governments in formulating IT policies and legislation in favour of workers. Partner with unions and build solidarity alliances
3. Continuous engagement with members in all companies to devise strategies to achieve shared aspirations of all the workers.
4. Encourage and facilitate members to uphold ILO standards
5. Aim to uphold Human Rights & dignity.



Karthik talking with Unites Professionals union members about their working conditions

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