



BANKING AND FINANCE BARGAINING UPDATE

JUNE 2017

1 Fair Work Commission decisions relevant to the Banking, Finance and Insurance Award

As at June 2017, the following variations to the Banking, Finance and Insurance Award 2010 (**Award**) have been made (since the amendments in August 2016):

- the minimum supported wage rate increased from \$82 to \$84 (the decision can be found [here](#));
- the previous schedule to the Award relating to minimum rates and conditions for employees undertaking traineeships (being Schedule E) has been replaced with Schedule E of the Miscellaneous Award 2010, which is similar in terms but prescribes higher rates (the decision can be found [here](#));
- meal allowance reimbursement amounts have been increased from an initial amount of \$15.98 to \$16.15 and from a further allowance amount of \$13.14 to \$13.28 (the decision can be found [here](#)); and
- minimum annual salary and weekly rates for each classification of full-time adult employees have been increased (the decision can be found [here](#)).
- These variations will come into operation from 1 July 2017 (the amended form of the Award can be found [here](#)).

2 Ear to the ground

Senate Committee Inquiry into Corporate Avoidance of the Fair Work Act

The Senate Committee are in the process of preparing a report for the Senate in relation to corporate avoidance of the *Fair Work Act 2009* (Cth). The report is due 7 August 2017.

Background

On 13 October 2016, the Senate passed a motion to refer the issue of corporate avoidance of the *Fair Work Act 2009* (Cth) to a Senate Committee.

The terms of reference for the Senate Committee inquiry are quite broad and examine the incidence of, and trends in, corporate avoidance of the *Fair Work Act 2009* (Cth) with particular reference to:

- (a) the use of labour hire and/or contracting arrangements that affect workers' pay and conditions;
- (b) voting cohorts to approve agreements with a broad scope that affect workers' pay and conditions;
- (c) the use of agreement termination that affect workers' pay and conditions;
- (d) the effectiveness of transfer of business provisions in protecting workers' pay and conditions;
- (e) the avoidance of redundancy entitlements by labour hire companies;
- (f) the effectiveness of any protections afforded to labour hire employees from unfair dismissal;
- (g) the approval of enterprise agreements by workers not yet residing in Australia that affect workers' pay and conditions;
- (h) the extent to which companies avoid their obligations under the *Fair Work Act 2009* (Cth) by engaging workers on visas;
- (i) whether the National Employment Standards and modern awards act as an effective 'floor' for wages and conditions and the extent to which companies enter into arrangements that avoid those obligations;
- (j) legacy issues relating to Work Choices and Australian Workplace Agreements;
- (k) the economic and fiscal impact of reducing wages and conditions across the economy; and
- (l) any other related matters.

Hearings

Nine hearings were held from February – June 2017 in various locations across Australia, including most



recently on 9 June 2017 in Canberra. The hearings have addressed various issues including:

- what the reasons are for the increasing trend of underpayment cases and whether increased regulation will assist;
- whether the penalty increases in the Fair Work (Protecting Vulnerable Works) Bill will have the desired effect;
- whether there are currently deficiencies in the transfer of business provisions that need to be addressed;
- whether including pay increases for years outside of the nominal expiry date of an EA is a form of corporate avoidance of the FW Act;
- whether changes should be made to the FW Act to allow for conversion of casual employees to permanent employment;
- whether obligations in the Fair Work (Protecting Vulnerable Works) Bill should be extended to users of labour hire; and
- the challenges posed by the gig economy, and whether international experiences can assist.

How does this relate to your business?

The report of the Senate Committee could be the impetus for the union movement, Labour and the Greens in particular to push for future reform of the *Fair Work Act 2009* (Cth) towards the end of 2017 in relation to labour hire and outsourcing arrangements, bargaining and the making and termination of enterprise agreements, transfer of business and other related matters.

Update to Authorised MySuper products

On 24 May 2017, the Australian Prudential Regulation Authority (APRA) updated the list of authorised MySuper Products. The Fair Work Commission published the list and it can be found [here](#).

Fair Work Amendment (Corrupting Benefits) Bill 2017

Background

On 22 March 2017, the Liberal Party introduced the *Fair Work Amendment (Corrupting Benefits) Bill 2017* (Cth). This Bill seeks to enact recommendations arising out of the Heydon Royal Commission in relation to corrupting benefits made between employers and employee organisations.

Why are these provisions being introduced?

The Heydon Royal Commission found that the provision of corrupt payments and other benefits by employers to unions or union officials have been a recurring problem in Australia that has been identified by successive Royal Commissions over the past 30 years. A number of case studies identified circumstances where an employer made, offered to make, or agreed to provide a payment or other benefit to a Union or a Union Official in order to achieve industrial peace, avoid threatened conduct that would be detrimental to them, or obtain a benefit at the expense of their employees or competitors.

The Bill intends to respond to a number of recommendations made by the Heydon Royal Commission with regards to:

- payments made by employers to unions;
- corrupting benefits; and
- disclosure requirements.

How is this relevant to employers?

The Bill provides that an employer will commit a criminal offence where the employer or its employees:

- give corrupting benefits to Union Officials to improperly influence them;
- receive or solicit corrupting benefits from Union Officials with the intention that the receipt of the benefit will tend to influence the Union Official to be improperly influenced; and
- make prohibited "cash or in kind payments" to Unions and Union Officials (except for prescribed categories of permissible payments).

Employers will have to adopt strict safeguards to ensure that their employees comply with these new provisions once the Bill commences.

The Bill also includes new disclosure requirements for Union bargaining representatives and employers to follow. These disclosure requirements mandate that a disclosure document be given to the employer and employees where the Union bargaining representative or the employer is receiving certain financial benefits as a result of the terms of the non-greenfields enterprise agreement.

What are the next steps with the Bill?

On 23 May 2017, the Bill was read for a third time and agreed to in the House of Representatives. On 13 June 2017 the second reading was moved in the Senate.



The Senate Education and Employment Legislation Committee released a report on 9 May 2017 which recommended that:

- the government consider Ai Group’s proposed additional exemptions to the provisions relating to cash or in kind payments to employee organisations; and
- subject to the above recommendation, the Senate pass the Bill.

There are otherwise currently no amendments proposed. The Bill is expected to pass given these recommendations.

If passed, the key provisions of the Bill will commence on a day to be fixed by Proclamation which is a maximum of 6 months after royal assent.

3 EA trends in the Banking and Finance Industry

The latest [‘Trends in Federal Enterprise Bargaining’](#) covering Quarter 4 2016 was published on 24 April 2017. The report contains data for various industries including the financial and insurance services industry regarding:

- the Average Annualised Wage Increase (**AAWI**) contained in recently approved EAs; and
- average duration of EAs approved in the last quarter.

We observe the following trends in relation to EAs approved in Quarter 4 2016 in the financial and insurance services industry:

- the AAWI is 2.8%, down 0.7% from Quarter 3 2016; and
- the average duration of EAs in the industry is 1 year, down from 3 years in Quarter 3 2016.

4 Agreements awaiting approval in the Banking, Finance and Insurance Industry (as at 30 June 2017)

APPLICANT	AGREEMENT	LODGMET DATE	TERM	PROPOSED WAGE INCREASE
1 Bentley and Districts Community Financial Services Pty Ltd	<i>Bentley & Districts Community Financial Services Limited and the Finance Sector Union of Australia Agreement 2016 – 2019</i> (available here)	23 June 2017	3 years	3% increase on actual salary to be paid from 1 July 2016, 1 July 2017 and 1 July 2018
2 Mount Gambier & District Financial Services Limited T/A Mount Gambier & District Community Bank	<i>Mount Gambier & District Community Bank Enterprise Agreement 2016</i> (available here)	11 April 2017	3 years	3% from the first pay period in December each year for the life of the Agreement.



5 Agreements approved in the Banking, Finance and Insurance Industry in the past 8 months (1 November 2016 – 30 June 2017)

	EMPLOYER	AGREEMENT	DATE APPROVED	NOMINAL EXPIRY	WAGE INCREASE
1	Reserve Bank of Australia	<i>Reserve Bank of Australia Workplace Agreement 2017</i> (available here)	26 June 2017	31 March 2020	Effective from the first full pay period commencing on or after 1 September 2017, 1 September 2018 and 1 September 2019, a salary increase distributed from a pool of 2% of total salaries of staff who qualify for a salary increase, based on individual performance.
2	Community First Credit Union Limited	<i>Community First Credit Union Enterprise Agreement (2017 - 2020)</i> (available here)	16 June 2017	16 June 2020	<ul style="list-style-type: none"> • 2.75% from first full pay period after approval date • 2.75% from first full pay period after first anniversary of approval date • 3.0% from first full pay period after second anniversary of approval date
3	Industry Super Australia Pty Ltd T/A Industry Super Australia	<i>ISA Agreement 2017</i> (available here)	14 June 2017	30 June 2020	3% from the first full pay period in each of the financial years.
4	Allianz Australia Services T/A Allianz Australia & Ken Tame & Associates Pty Ltd and Another	<i>Allianz Australia Group Business Partnership Agreement 2017</i> (available here)	3 May 2017	10 May 2020	Remuneration increases will be determined by assessment of individual performance, internal and external relativities, date of the employee's last remuneration increase and the overall performance of the employee's business unit.
5	Medibank Private Limited	<i>Medibank Enterprise Agreement 2016</i> (available here)	28 April 2017	30 September 2019	Employee base salaries adjusted by the following percentages each year from the first full pay period on or after 1 October each year for the life of the Agreement in accordance with the employee's 'I Perform Better' rating: <ul style="list-style-type: none"> • Outstanding – 7% • Exceeding – 4% • Achieving – 2.5% • Improvement needed/developing – 1% • Unsatisfactory – 0%
6	Pambula and District Community Development Limited T/A Pambula and Bega Community Bank Branches	<i>Pambula & District Community Development Limited Certified Agreement 2016-2019</i> (available here)	30 March 2017	6 April 2020	3% from the first pay period in December each year for the life of the Agreement.



EMPLOYER	AGREEMENT	DATE APPROVED	NOMINAL EXPIRY	WAGE INCREASE
7 BUPA HI Pty Limited and BUPA Health Services Pty Ltd	<i>Bupa Australia Enterprise Agreement 2014</i> (available here)	9 March 2017	31 December 2017	2.5% plus 1% of base salary for ad hoc remuneration reviews for each year of the agreement. “This does not mean that every employee will receive a fixed remuneration increase. Individual salary increases will vary and will be determined as part of the Annual Remuneration Review or other Fixed Remuneration reviews according to the guidelines set out in this clause. However, employees who receive an overall performance rating of 3 or above will receive a minimum 1.5% pay increase.”
8 RACQ Operations Pty Ltd T/A RACQ	<i>RACQ Motoring Enterprises (Vehicle Inspections) Enterprise Agreement 2016 – 2019</i> (available here)	7 March 2017	31 October 2019	<ul style="list-style-type: none"> • 2.25% from 1 November 2016; • 2% from 1 November 2017; • 2% from 1 November 2018.
9 Australian Institute of Superannuation Trustees	<i>Australian Institute of Superannuation Trustees Certified Agreement 2017-2019</i> (available here)	27 February 2017	31 December 2019	Employees will have their salaries subject to an annual economic adjustment of 2.5% or CPI, whichever is greater, for the previous 12 months ending 31 December from the first day of the following calendar year.
10 United Super Pty Ltd	<i>United Super Pty Ltd State Coordinators Enterprise Agreement 2014</i> (available here)	21 February 2017	30 June 2017	Minimum of 3% after 1 July 2016.
11 nib health funds Limited	<i>nib health funds limited Enterprise Agreement 2015</i> (available here)	16 February 2017	30 September 2018	On the first full pay period after 1 October 2017, a further 2% adjustment, or CPI, whichever is the higher will be made to wages for Employees based on the position/classification
12 Sydney Credit Union Ltd T/A SCU	<i>Sydney Credit Union Ltd Enterprise Agreement 2016 – 2019</i> (available here)	1 February 2017	30 June 2019	<p>A 0.60% achievement on return on assets will give a 0.50% bonus entitlement.</p> <p>A 0.70% achievement on return on assets will give a 1% (in aggregate) bonus entitlement.</p> <p>A 1.00% achievement on return on assets will give a 2% (in aggregate) bonus entitlement.</p>
13 Rural Bank Limited	<i>Rural Bank Enterprise Agreement 2016 – 2019</i> (available here)	20 January 2017	27 January 2020	3% from the first pay period in December of each year of the agreement.
14 Rupanyup/Minyip Finance Group Ltd T/A Rupanyup and Minyip Community Bank Branches	<i>Rupanyup/Minyip Finance Group Limited Enterprise Agreement 2016</i> (available here)	16 January 2017	16 January 2021	Ordinary rate of pay will increase at 3% from the first pay period in December for the life of the agreement.



EMPLOYER	AGREEMENT	DATE APPROVED	NOMINAL EXPIRY	WAGE INCREASE
15 AustralianSuper Pty Ltd	<i>AustralianSuper Pty Ltd Enterprise Agreement 2016-2019</i> (available here)	22 December 2016	30 June 2019	<ul style="list-style-type: none"> • 3.5% seven days after approval by the Fair Work Commission, backdated to 1 July 2016*; • 3.0% from 1 July 2017; and • 3.0% from 1 July 2018.
16 Community Alliance Credit Union Ltd	<i>Community Alliance Credit Union Ltd Collective Agreement</i> (available here)	16 December 2016	30 June 2019	3% each year from the first full pay period after 1 July 2016, 2017 & 2018.
17 Firefighters and Affiliates Credit Co-operative Limited	<i>Firefighters and Affiliates Credit Co-operative Limited/Finance Sector Union Enterprise Agreement 2016 – 2018</i> (available here)	2 December 2016	31 December 2018	2.5% from FWC approval, 2.5% from 1 year after approval and 2.5% from 2 years after approval
18 South West Credit	<i>South West Credit Employee Collective Agreement 2015-2018</i> (available here)	30 November 2016	30 June 2018	The greater of 2% or the increase in the CPI (Melbourne) to 1 July 2017, and a further increase on the same basis to 1 July 2018
19 United Super Pty Ltd	<i>United Super Pty Ltd Collective Bargaining Agreement 2015</i> (available here)	29 November 2016	30 June 2017	Minimum of 3% from 1 July 2016.
20 Commonwealth Bank of Australia	<i>Commonwealth Bank Group Enterprise Agreement 2016</i> (available here)	25 November 2016	30 June 2017	3% increase, subject to meeting minimum behaviour and compliance standards.
21 ME	<i>Me Workplace Agreement 2016</i> (available here)	23 November 2016	30 June 2017	3% per annum for Job Grades 1-9. Employees on a performance improvement plan will receive a lesser increase at ME's discretion. Employees above Job Grade 9 eligible to participate in annual fixed pay review process.
22 Police Credit Union	<i>Police Credit Union Enterprise Agreement 2016-2019</i> (available here)	16 November 2016	31 December 2019	For Level 1-5 employees, a minimum of 3% for each year of the agreement, subject to successful performance review. Employees above Level 5 will receive annual percentage increases as determined by the Credit Union, subject to performance criteria.
23 RACQ Operations Pty Ltd	<i>RACQ Group Enterprise Agreement 2016 – 2019</i> (available here)	14 November 2016	31 May 2019	2.5% from 13 June 2016, 2.25% from 13 June 2017, 2.25% from 13 June 2018
24 Labour Union Co-operative Retirement Fund Pty Ltd	<i>LUCRF/FSU Enterprise Agreement 2016-2019</i> (available here)	9 November 2016	31 July 2019	3% per annum, commencing 1 August 2016



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25 GMHBA Limited	<i>GMHBA Limited Enterprise Agreement 2016</i> (available here)	9 November 2016	31 December 2018	3% from 1 July 2016, 3% from 1 July 2017 and 1.65% from 1 July 2018
26 RAC Distribution Pty Ltd	<i>RAC Sales and Member Service Enterprise Agreement 2016</i> (available here)	9 November 2016	8 May 2019	Annual salary increases are linked to performance, which are measured by scoring KPI's as follows: <ul style="list-style-type: none">• Greater than 4.01 – 2.5%• 3.51-4 – 2%• 3-3.5 – 1.5%• Less than 3 – 1%
27 Industry Fund Services Ltd and Industry Fund Insurance Solutions Ltd	<i>IFS Agreement 2016</i> (available here)	7 November 2016	31 December 2018	All staff, aside from those undergoing performance counselling, are entitled to an increase the greater of: <ul style="list-style-type: none">• annual CPI increase;• annual increase in AWOTE; or• 2.75% of their salary.

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