

## WITHOUT PREJUDICE

### PROPOSAL BY PACIFIC MAGAZINES PTY LTD FOR A UNION COLLECTIVE AGREEMENT WITH MEDIA ENTERTAINMENT AND ARTS ALLIANCE

25 June 2009

#### 1. General

- 1.1 This proposal is made in full settlement of the claims made on Pacific Magazines Pty Limited by (**Pacific Magazines**) by the MEAA in its Log of Claims dated 2 June 2009 (**Log**).
- 1.2 This proposal is only open for acceptance in its entirety.
- 1.3 This proposal is subject to agreement about the terms of the proposed collective agreement and the approval and lodgment of that agreement.
- 1.4 Pacific Magazines has carefully considered the Log. In responding to that Log, Pacific Magazines has considered both the limited number of issues raised by the MEAA and the Global Financial Crisis and its effect on businesses in general and the pressures on media organisations in particular. Pacific Magazines has sought to provide a fair and reasonable offer which both recognises the contribution made by its staff, provides the opportunity for further recognition in the future and is focussed on the long term sustainability of the business.
- 1.5 In seeking to provide the additional remuneration and benefits offered under this proposal, Pacific Magazines is also seeking to make some changes that will reduce its administrative and other costs, which will go some way toward providing those improvements in remuneration and benefits.

#### 2. Term and Duration

- 2.1 It is proposed that the agreement will have a nominal expiry date of 30 June 2012.
- 2.2 Pacific Magazines will agree to all terms of the existing agreement being rolled over into the new agreement unless specified otherwise in this proposal.
- 2.3 There will be a union collective agreement under the Workplace Relations Act which will include all of the terms of the *Journalists (Pacific Magazines) Agreement 2006* as amended by this proposal.
- 2.4 The collective agreement will rescind and replace all other collective agreements whether registered or certified or not (including the *Journalists (Pacific Magazines) Enterprise Agreement 2006*) and will operate in the place of and to the exclusion of any other collective industrial instrument (including the Award as varied, replaced or superseded from time to time and any modern award made, varied, replaced or rescinded from time to time) that might otherwise apply to the employment of employees.

#### 3. Rates of Pay

- 3.1 The Global Financial Crisis has had an unprecedented impact, not just on Pacific Magazines, but on all media companies in Australia. During this period Pacific Magazines unlike the majority of its competitors has taken the position of protecting employees roles with no wholesale redundancies.
- 3.2 This along with the difficult trading conditions, which continue, necessitates that especially in the financial year beginning 1 July 2009, salary increases need to be kept to a minimum. In support of this all senior management salaries have been

frozen and all other increases will be discretionary where roles have changed and employees have taken on additional responsibilities.

3.3 Although there is no guarantee that trading conditions will improve Pacific Magazines is willing to guarantee an increase for EBA employees in the financial year beginning 1 July 2010 and a further increase in the financial year beginning 1 July 2011.

3.4 On that basis, Pacific Magazines is proposing the following increases:

	<b>From the first pay period on or after 1 January 2010</b>	<b>From the first pay period on or after 1 July 2010</b>	<b>From the first pay period on or after 1 July 2011</b>
Guaranteed Increase to Minimum Rates of Pay (see Attachment A):	- %	1.0%	1.0%
Merit Pool Increase:	1.0%	1.0%	1.0%
<b>Being a Total Available Increase of:</b>	<b>1.0%</b>	<b>2.0%</b>	<b>2.0%</b>

provided that:

- (a) agreement is reached with MEAA representatives and the terms of the amended proposed agreement are agreed on by 29 June 2009 to allow the agreement to be made with the MEAA by that date;
  - (b) the agreement is voted on by 10 July 2009.
- 3.5 Guaranteed increases will be on base rates rather than actual rates of pay and any personal margin paid in excess of the minimum classification rate of pay in the new agreement will be maintained. However, Pacific Magazines considers that for high income employees earning a base salary above the high income earning threshold in the Fair Work Act (currently about \$105,000), these employees should be receiving increases based on merit, rather than a guaranteed base increase. Pacific Magazines proposes that guaranteed increases to base rates of pay for these employees should be absorbed into their personal margins. The remuneration of these employees will be counted in the calculation of the merit pool and these employees will also participate in the merit pool, but they will not be entitled to a guaranteed increase.
- 3.6 The annual merit component from the merit pool will be available to reward high performers on the following basis:
- (a) 1.0% of the total payroll for the six months from 1 January 2010 of those staff covered by the new agreement as at 1 January 2010, which will be allocated to staff during the course of the subsequent twelve months;
  - (b) 1.0% of the total payroll of those staff paid covered by the new agreement as at 1 July 2010, which will be allocated to staff during the course of the subsequent twelve months; and
  - (c) 1.0% of the total payroll of those staff paid covered by the new agreement as at 1 July 2011, which will be allocated to staff during the course of the subsequent twelve months.
- 3.7 Subject to the 1.0% requirement and the timing requirements set out above, it shall be at Pacific Magazines discretion when and whether to grant a merit increase to an employee and the amount of any merit increase which is granted.

#### **4. Parental Leave**

- 4.1 The Log includes a request that Pacific Magazines consider improving the paid parental leave arrangements in place.
- 4.2 Pacific Magazines is pleased to be able to offer the following improved maternity leave arrangement which is based on length of continuous service with the company as follows:
- after one year and less than 4 years' service – 6 weeks' paid maternity leave
  - after 4 years' service – 7 weeks' paid maternity leave
  - after 5 years' service – 8 weeks' paid maternity leave
  - 6 years or more – 9 weeks' paid maternity leave
- 4.3 Pacific Magazines is also pleased to offer 1 week's paid Paternity Leave after 12 months continuous service.
- 4.4 The continuous years of service is calculated as at the date of commencing the parental leave and does not include any prior period of unpaid parental leave.
- 4.5 Pacific Magazines also notes that it is proposed that a legislative paid parental leave be introduced from early 2011 under which the Federal Government will provide 18 weeks' paid maternity leave at a set rate. Pacific Magazines would like to discuss with the MEAA how the paid parental leave provided by the company will interact with the proposed government scheme.

#### **5. Allowances**

- 5.1 The Log includes a request that Pacific Magazines increase allowances in accordance with CPI.
- 5.2 Pacific Magazines is happy to increase the meal allowance in clause 19.2 to \$15.00. This is a significant increase from the current meal allowance of \$12.80.
- 5.3 The spectacles allowance in clause 19.6 will be increased from \$104.60 to \$111.30 for the cost of frames and from \$218.40 to \$225.00 for contact lenses.
- 5.4 Pacific Magazines has not adjusted the evening attire allowance as the relevant CPI has been negative for the last three years.
- 5.5 Pacific Magazines will adjust each of the above allowances in July of each year in accordance with the applicable March to March CPI figure for the previous year.
- 5.6 Pacific Magazines will also adjust the Vehicle Allowance in clause 19.7 to 58 cents per kilometre in accordance with the ATO recommended kilometre allowance for a 1600cc engine. This will continue to be adjusted on that basis.

#### **6. Personal/Carer's Leave**

- 6.1 As discussed at the meeting with the MEAA and the House Committee, the arrangements in place for personal/carer's leave under the agreement are quite different from those under the Act (and those that will be in place under the new Fair Work Act). The current arrangement under the agreement allows for a generous leave entitlement each year, that does not accumulate. The Fair Pay Standard (and new National Employment Standards) provide for an accumulation arrangement, calculated on a 10 days per year basis.
- 6.2 The agreement currently provides that where an employee would have a more favourable outcome under the Act rather than under the agreement in a particular set

of circumstances, that entitlement will apply. This already deals with the issue raised in the Log.

6.3 Pacific Magazines is happy to include further wording that says:

*'If an employee has exhausted their paid leave entitlement under the agreement, the employee should check with the employer to ascertain whether they may have a greater entitlement in a particular circumstance under the Act.'*

6.4 We also attach, for your reference, the document provided during the last round of negotiations which addressed this issue.

## **7. Coverage, Application and Exemptions**

7.1 The agreement and the Award currently apply (and have historically applied) to members of the MEAA (other than those in exempt positions). Pacific Magazines has generally applied the agreement and the Award to editorial employees regardless of membership.

7.2 Pacific Magazines considers that it would be more appropriate for the agreement to apply to all editorial employees (other than those in exempt positions) to whom the Award or the new modern award applies and proposes that the agreement be amended to reflect this.

7.3 Pacific Magazines also considers that the exemption arrangements in the agreement need to be updated including to reflect recent acquisitions. Pacific Magazines would like to update the Exemptions list to include the following magazines:

- two positions from marie claire
- two positions from WHO
- two positions from Better Homes and Gardens
- two positions from InStyle

7.4 Pacific Magazines also considers that given the proposed level of remuneration under the agreement for Grade 8 editorial employees, these employees should also be 'off time book' in the same way as Grade 9 and 10 employees.

## **8. Annual Leave**

### ***Monthly Titles***

8.1 On monthly titles, it has been rare for editorial employees to work on a public holiday and they are often asked to submit an annual leave form for each public holiday they take off. This imposes a significant administrative burden on Pacific Magazines.

8.2 On that basis, Pacific Magazines wishes to change the default arrangement for **new** employees commencing with Pacific Magazines working on monthly titles.

8.3 Pacific Magazines proposes that for new employees on monthly titles, they will be entitled to four weeks' annual leave per year and all public holidays. On the rare occasion that they do work the employee will be provided with a day off instead, or if such a day off is not provided, pay double time and a half for time worked.

8.4 Leave arrangements for existing employees would remain unchanged.

### ***Cashing Out***

8.5 A number of employees have used the current cashing provisions to request that Pacific Magazines cash out their excess annual leave. Under the current agreement Pacific Magazines may make a payment in lieu of annual leave provided that the

maximum amount which can be paid in lieu is not more than two weeks of that part of the member's accrued but untaken entitlement which needs to be at least the annual entitlement of six weeks and three days in order to qualify to cash out leave.

- 8.6 This limitation of two weeks' cash out will be removed under the Fair Work Act – the only requirement will be that four weeks' leave is retained. Pacific Magazines proposes that the new agreement modifies the cash out arrangement so that from 1 January 2010 there is no limit on the amount of leave to be cashed out, provided that four weeks' leave remains.

### ***Annual Leave Loading***

- 8.7 In order to be able to pay the proposed increases, Pacific Magazines has had to consider where it may be able to make costs savings in the future. Pacific Magazines believes that employees are paid competitively against the market rates within the magazines industry and in effect the competitively high salaries already compensate for annual leave loading.
- 8.8 Pacific Magazines does not propose to remove annual leave loading for existing employees, but proposes to grandfather annual leave loading so that any new employees commencing work after the commencement of the new agreement (1 July 2009) will not receive annual leave loading.

## **9. Administrative and Cost Saving Amendments**

- 9.1 ***Cab Fare.*** Pacific Magazines proposes to change the cab fare entitlement as a direction to travel at night later than 8.30pm as opposed to 7.00pm which is consistent with other Pacific Magazines employees. It is proposed that the following clause be inserted in place of the current clause 19.3 to reflect that change:

*19.3 If a member is directed to travel at night later than 8.30pm, then the Employer will pay transport home, usually a cab fare.*

- 9.2 ***Termination.*** In the last agreement Pacific Magazines agreed to requests from employees to take their annual leave as part of their notice period. Pacific Magazines propose that it can direct employees to take annual leave during a notice period if they have resigned from their employment.
- 9.3 ***Overtime.*** Pacific Magazines wishes to amend the agreement to make clear that overtime is time 'required' or 'directed' to be worked outside ordinary hours. Pacific Magazines is happy to allow staff some flexibility in relation to when they perform work, but consider that it would be inappropriate if, in providing this flexibility, it was then required to make overtime payments to staff. So that staff and managers are clear about this issue, Pacific Magazines will also remind staff that overtime can only be worked with the relevant manager's prior approval.
- 9.4 ***Pay Frequency.*** Pacific Magazines would like to include the option of fortnightly pay frequency in addition to monthly pay frequency. Pacific Magazines would like to remain on monthly pay frequency however, should payroll streamline their processes during the life of the agreement and Pacific Magazines need to move to fortnightly pay frequency then they would like the ability to be able to do so. Pacific Magazines would provide at least two months' notice of any such change.

## **10. Drafting amendments**

- 10.1 Pacific Magazines notes that some consequential, updating and drafting amendments will be required in relation to the new agreement. In particular, these include changes to:

- (a) amend the parental leave provision to refer to the paid parental leave and otherwise to rely on the provisions of the Act (Fair Pay Standard and National Employment Standards (**NES**)) that deal in detail with unpaid parental leave;
- (b) remove the current clause 36;
- (c) review the annual leave, personal carer's leave, redundancy and termination provisions to ensure that they interact appropriately with the new NES;
- (d) update references including to refer to Fair Work Australia;
- (e) change the superannuation fund reference to Media Super, from JUST Super;
- (f) remove the 32 hour maximum cap on part-time employment;
- (g) remove the reference to VDT breaks, as has occurred in the new modern award – this is adequately dealt with by OHS legislation;
- (h) include an individual flexibility term; and
- (i) confirm that the redundancy and termination arrangements are in satisfaction of the new NES entitlements.

## Attachment A

1 January 2010 – 1% Merit pool

1 July 2010 – 1% and 1% merit pool

Grade 1	\$ 816.79
Grade 2	\$ 923.24
Grade 3	\$ 1,065.25
Grade 4	\$ 1,136.25
Grade 5	\$ 1,207.56
Grade 6	\$ 1,314.21
Grade 7	\$ 1,420.46
Grade 8	\$ 1,473.79
Grade 9	\$ 1,704.78
Grade 10	\$ 1,953.14

### Trainees

First year	\$ 490.05
Second year	\$ 612.67
Third year	\$ 735.18

### Cadets

First year	\$ 612.67
Second year	\$ 694.38
Third year	\$ 776.08

1 July 2011 – 1% and 1% merit pool

Grade 1	\$ 824.95
Grade 2	\$ 932.47
Grade 3	\$ 1,075.90
Grade 4	\$ 1,147.61
Grade 5	\$ 1,219.63
Grade 6	\$ 1,327.35
Grade 7	\$ 1,434.67
Grade 8	\$ 1,488.53
Grade 9	\$ 1,721.83
Grade 10	\$ 1,972.67

### Trainees

First year	\$ 494.95
Second year	\$ 618.79
Third year	\$ 742.53

### Cadets

First year	\$ 618.79
Second year	\$ 701.32
Third year	\$ 783.84