

From: [GRP BAAEBA](#)
To: [Wladkowski, Carly](#)
Subject: EA negotiation communication update: Exchanging Log of Claims (LOC)
Date: Friday, 26 February 2021 1:28:01 PM



This message is being sent to all BAA employees. Managers, please share with employees without access to email.

Team,

Yesterday, we held our second enterprise agreement negotiation session, attended by employee representatives, BAA and union officials from both the AMWU and Professionals Australia. We spent around four hours discussing each party's Log of Claims (LOC), the reasons behind each claim and allowed attendees to ask questions to encourage a greater understanding of each item.

We had a good discussion around the contents of each LOC, and while BAA's focus in this negotiation is to reduce costs and help support long term business stability, many of the claims presented pose additional costs to the business.

You can see a full list of the claims discussed in the meeting [here](#). I've included some additional information on reasons for BAA's claims below.

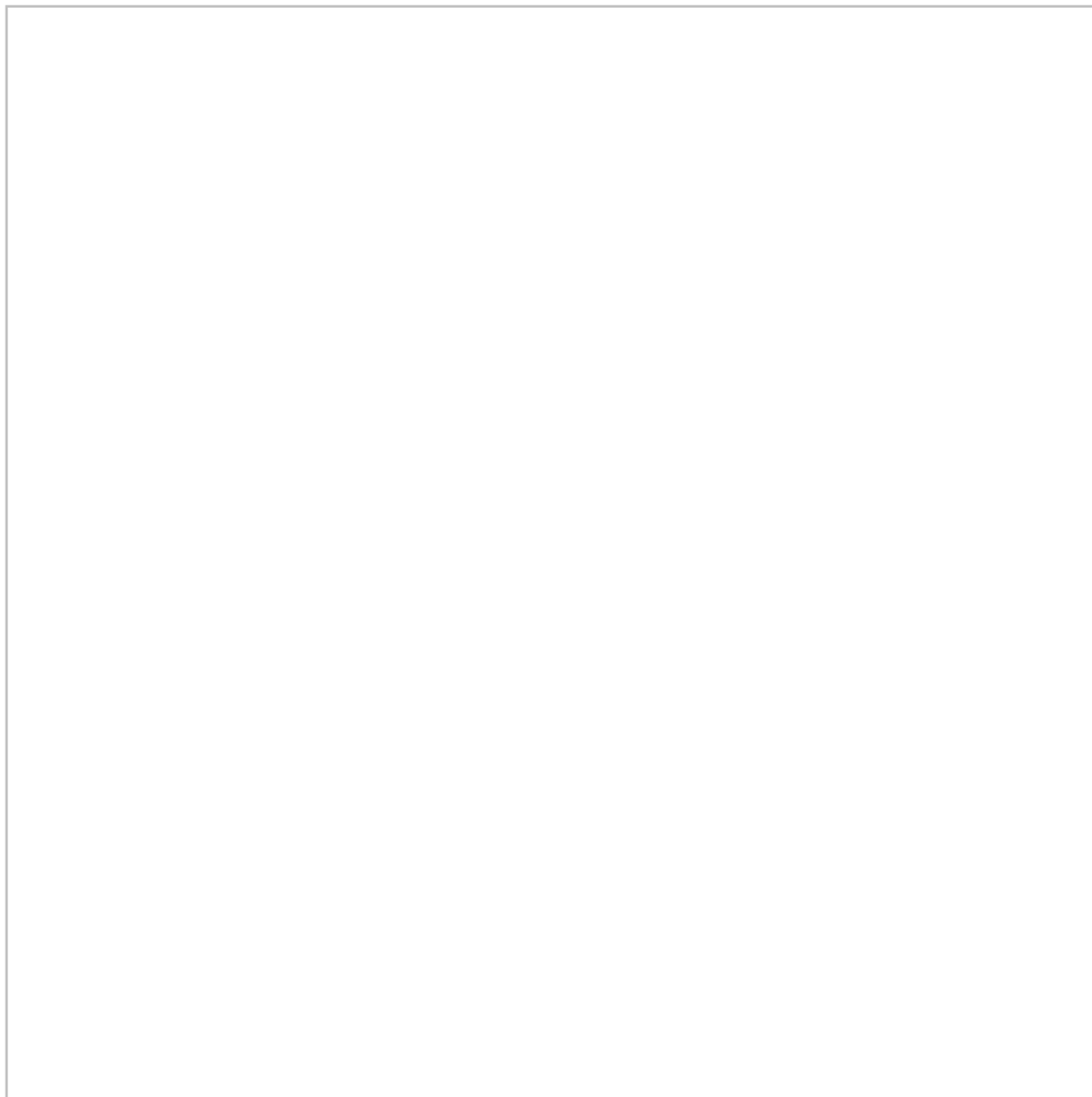
This focus on cost reduction is not just limited to BAA. The Boeing Company is not selling enough commercial aircraft to be able to sustain the current way of business. We've had to borrow more than \$60 billion dollars, and do not expect our industry to bounce back to pre-2019 levels of travel for another 3-5 years. Although we are a fully owned subsidiary of Boeing, we're still considered a supplier and are expected to find ongoing opportunities to stay competitive.

BAA's claims list is designed to do just that; identify costs which could be seen as excessive compared with industry benchmarks and find opportunities to help reduce overall expenses associated with our business. This will enable BAA to stay within the competitive range to win new work once the industry recovers.

I know that a few of the BAA claims will disappoint some of our colleagues, but we're trying to be as transparent as possible around why we have put forward this LOC at this particular time in our business' necessary transformation. We need to find opportunities to reduce costs while continuing to maintain industry leading benefits for our employees so we can in turn build our business for the future. Our business has changed dramatically since the last EA negotiation, and our LOC reflects that.

All parties will now take the next two weeks to review each other's LOC, and will come to the table again on Thursday, 11 March to work towards reaching a new agreement.

Matt



Further information on BAA's claims

BAA's claims identify areas of the current enterprise agreement where entitlements are significantly higher, compared with industry or Australian norms. BAA considers changes would retain a high level of entitlements for employees, while ensuring our future. In particular, some of the areas BAA has identified are:

- **Drafting:** It's widely acknowledge that the current enterprise agreement is not well drafted (vague in some parts), can be difficult to work with, and not set out in a logical order. BAA would like to do some work with the negotiation group to rewrite some clauses (without a change to entitlements) and put things in a logical order. We hope to make it simpler for everyone to understand and apply to our work.
- **Final Termination Payment:** The current agreement provides for payment of wages on the day of termination. If a person resigns and BAA decides not to have them work the notice period (i.e. to pay them instead), this means payroll have limited time to calculate final payments, audit any leave and get approvals to pay. Modern awards (minimum lawful industry standards) set by the Fair Work Commission provide for seven calendar days.
- **Individual Flexibility Arrangements:** By law, all agreements must have an Individual Flexibility Arrangement in them. These allow an individual to vary

certain terms of an enterprise agreement to meet their needs, where the organisation agrees. BAA's existing agreement does not allow individuals to vary their hours of work. This means that if a person wants to start and finish earlier (outside the span of hours in the agreement) BAA would have to pay overtime. BAA wants to alter this so that if the individual asks for it to meet a genuine difficulty, and it works with BAA's business needs, it can be done.

- **Payroll corrections (Red Book):** This arrangement dates back to a time when people received a physical pay envelope with cash in it. Electronic funds transfer means BAA has no control over when an employee receives the payment, even if it fixes the error quickly.
- **Position descriptions:** The current agreement requires development of six position descriptions – which has already happened. The position descriptions are outdated, some lack detail and others refer to practices and technology which is no longer aligned to our business. It also requires that if BAA wants to restructure positions it has to get agreement with employee reps via the consultative forum. This has prevented BAA from being able to adapt to changing business needs and technologies, and prevents us from having job tasks structured in a way that is efficient for the business .
- **Special Leave:** Special Leave was intended to provide employees with flexibility in the event an unexpected event occurred, for example their car broke down on the way to work, to allow a couple of hours off work. This is an entitlement on top of generous personal leave entitlements.
- **Personal Leave:** BAA currently provides 15 days of paid personal leave. The average number of personal leave days Australians take annually is between eight and nine days, meaning that 10 days should still cover employees and mean they are able to build a bank of leave.
- **Long Service Leave:** The current agreement provides for LSL to be paid out after five years where: their employment is terminated for misconduct or they leave due to “*domestic or other pressing necessity*”. It does not make sense that a person leaving due to misconduct is rewarded, or a person resigning for their own personal reasons. The Agreement also provides for payment after five years if a person's employment is terminated due to injury/illness and that they are not able to do the job – BAA is not seeking to change this.
- **Public Holidays:** The Victorian Government declares public holidays, but Show Day is not one. When a public holiday occurs, BAA not only loses productive time but also pays for employees to stay home, which contributes to the overall unit cost of our products. Adding public holidays beyond those declared by the Victorian Government adds significant cost to our business.
- **Travel Time payments:** Over the last few years there have been a number of times when BAA would like to have sent employees to the US, but have cut back on approving these because Travel Time payments cost more than the trip itself. In Australian companies (and by international standards) it is unusual to pay for the time a person travels beyond their normal work time.
- **Redundancy payments:** We have looked at 50 large companies in our industry with enterprise agreements made in the past couple of years. This found that the average redundancy payout was three weeks per year of service, with most capped at around 52 weeks. BAA has six weeks per year of service for the first 15 years, and a cap of 144 weeks (inclusive of 4 weeks' notice period < 45 years of age) and 148 weeks (inclusive of eight weeks' notice period for >45 years of age). Redundancy is intended to get a person through until they find their next job, and prevent hardship. The average time to find a job in Australia is over the

past year is around four months.

- **Redundancy notice periods:** In the current agreement, a notice period is four weeks for <45 years of age and eight weeks for >45 years of age. This is in addition to a generous redundancy payment.
- **Team Leader Allowance:** Team Leaders across all areas of the business receive different amounts of team leader allowance, as it is paid at 10% of their own pay rate. BAA considers the Team Leader role the same across the business.
- **Engineering Graduate Classifications:** BAA's starting salary for engineering/science graduates is \$105,000. The average for the industry is significantly lower than this at \$75,000. BAA is seeking to introduce two new graduate classifications with starting salaries aligned with the industry.
- **Reclassification to 110% Tradesperson:** Reclassification across all roles (except 110% Tradesperson) requires that first there must be a business need for someone in that role. BAA considers it should be consistent across all roles, and that reclassifying people when there are already enough people to do the work in that higher role means the business pays greater costs without receiving any benefit. This adds to our unit cost as a business.
- **Heat Stress:** In the construction industry, where people are working in direct sun, modified work occurs at 35°C, and at this point people can move to work in air-conditioned areas or do training. BAA's modified work starts at 30°C, which is not generally considered extreme weather in Australia. Lost productivity, and lost opportunity to complete training requirements during periods of heat contributes to a higher unit cost for our products than it should.