

## Further analysis and background on GTS AWA

### Global Tele Sales – AWA Offer Cuts Base Rates of Pay

In another example of the excesses of John Howard's industrial relations laws, an airlines call centre operating in Melbourne has presented its staff with an AWA that cuts base rates of pay by between 3-10%.

#### About Global Tele Sales (GTS)

Global Tele Sales is a wholly owned subsidiary of Lufthansa Airlines (Deutsche Lufthansa AG group of companies).

The GTS call centre in Melbourne is staffed by highly skilled multi-lingual Customer Service Operators. Melbourne based staff provide customer assistance such as Airline Reservations, Sales and Loyalty Programs.

The business operates over seven (7) days a week and, as such, the employees are shift workers.

#### Current industrial instruments at GTS

1. Currently, GTS employees are employed subject to the GTS (Customer Group Service) Employment Partnership Agreement 2004 (**EPA**) and the Global Telesales Enterprise Award 2002 (**the Award**).
2. The EPA provided for an increase in base annual salary of 2.75% in 2004, 2.5% in 2005 and 2.5% in 2006. These increases were effectively increases in line with the CPI.
3. In addition to the base annual salaries, the GPA provides for shift penalty rates of:
  - 15% for being rostered to work before 7am or after 7pm Monday to Friday
  - Time and a half for all work performed on Saturdays
  - Double time for all work performed on Sundays or public holidays.
4. The EPA also provided for an annual performance bonus of 3% of their annual base salary if they received an overall rating of "above expectations" in their annual performance review.

#### The AWAs offered

5. The AWAs offered **reduce** employees base annual salaries by the following amounts (according to GTS figures):
  - Level 1 – 10%
  - Level 2 – 8%
  - Levels 3, 4 and 5 – 3%

6. In addition, the AWAs:
  - Reduce the penalty loading for public holidays and Sundays from double time to time and three quarters (ie, a75% loading)
  - Remove an penalty loading for being rostered to work before 7am or after 7pm Monday to Friday.
7. According to the GTS estimate based on the figures last financial year, the removal of these penalties will **reduce** each employee's annual salary by 4.9%.
8. **Thus the AWAs will immediately REDUCE employees' total guaranteed annual salaries by the following amounts (based on figures provided by the company):**
  - **Level 1 – 14.9%**
  - **Level 2 – 12.9%**
  - **Levels 3, 4 and 5 – 7.9%**
9. The AWAs offered provide for only one guaranteed increase in base annual salary rates, namely "your salary will be reviewed in January 2008 and will be reviewed in line with the most recent increase in minimum wages of the Australian Fair Pay Commission". This means that employees will only get one guaranteed increase in salary over the course of the two-year term of the AWA.
10. Employees are, however, entitled to quarterly lump sum performance based bonuses ranging from 0% to 4% of their total base annual salary. Theoretically, therefore, an employee could earn a maximum extra 16% of their base annual salary in bonuses if management awards them a 4% bonus for each quarter.
11. The performance bonus scheme operates as follows. Management will make a quarterly performance assessment to determine the size of each employee's bonus. Employees are awarded a KPI score out of 100 based on productivity (40%), sales (25%), quality (25%), attendance (5%) and punctuality (5%).
12. With respect to each of productivity, sales and quality, an employee is awarded points according to 3-levels:
  - "KPI Partially achieved" = 80-89.9% KPI achieved
  - "KPI Fully achieved" = 90-109.9% KPI achieved
  - "KPI Exceeded" = greater than or equal to 110% KPI achieved
13. The attendance bonus is in fact a bonus for not taking personal (sick or carer's) leave. An employee who takes no personal leave in a quarter gets 5 points towards their bonus, an employee who takes one personal leave day gets 3 points, an employee who takes 2 personal leave days gets 1 point, and an employee who takes more than 2 days personal in a quarter gets zero points. The ASU considers the "attendance" KPI as discriminatory against employees who get sick or have a sick child and the union believes that such a scheme breaches both the Victorian Equal Opportunity Act and the Commonwealth Disability Discrimination Act.
14. With respect to punctuality, an employee who is never late in a quarter would get 5 points, and an employee who is late once in a quarter would get 3 points. An employee who was late more than once would get zero points.

15. To achieve the maximum 4% bonus in a quarter an employee would have to:
- achieve “KPI exceeded” for productivity, sales and quality
  - Take no more than 1 sick or carer’s day
  - Have no more than one late incident
16. It should be noted that an employee who fully achieves their KPIs in each quarter will achieve a total bonuses of 8% on their new base salary, **and that this calculates to less than they would have earned under the EPA!** In addition, CPI increases will mean each employee’s effective wages will be further reduced even if they fully achieve the KPIs.
17. Therefore, any employee who isn’t sure that they will exceed their KPIs (or that management will not evaluate them fairly) has no interest in signing an AWA – they will receive less money and will risk receiving even less money if the do not fully achieve all their KPIs each quarter. It would be extremely difficult to exceed KPIs (greater than 110%)!!
18. INDUSTRY DISCOUNT TRAVEL – .GTS have offered additional discount travel arrangements to staff presumably to compensate them for losses in wages and conditions. It should be noted that the terms of the AWAs do not guarantee that the employees will get the discount travel. Clause 21 of the AWA specifies that the “staff travel privileges may be withdrawn or changed at any time without notice”.

#### **WHERE’S THE BARGAINING?**

19. GTS has claimed that is not putting any pressure on employees to sign the AWAs and that it is entirely a decision for each employee. However, in various “Questions & Answers” documents GTS provided employees, GTS makes it clear that:
- the conditions offered in the AWAs are not negotiable: “The AWA is an offer by GTS, which in its content is not subject to negotiations”;
  - it will either not negotiate a new collective agreement, or, even if it does, the collective agreement will have the same or less favourable conditions than the AWAs;
  - any employee who does not sign an AWA will not be entitled to the travel privileges or LH ID card; and
  - if targets for productivity increases and cost efficiencies are not met, “the company [will have] no choice but to seek concessions from those who have not signed an AWA”.

**For further information and media comment contact Ingrid Stitt, Secretary, Australian Services Union – Victorian Private Sector Branch – 0418 357 440.**