TRANSCRIPT OF PROCEEDINGS
Fair Work Act 2009

## COMMISSIONER JOHNS

AG2023/998
s. 185 - Application for approval of a single-enterprise agreement

Application by RND Crewing Pty Ltd (AG2023/998)

Application for approval of the RND Crewing Pty Ltd Agreement 2023
Sydney
10.00 AM, MONDAY, 15 MAY 2023

THE COMMISSIONER: Mr Pryce, I think you're here as well? Ms Carr, I can see you - good morning.

MR PRYCE: Good morning, Commissioner.

MR BYRNE: Thank you, Commissioner - yes, still having some difficulties with Microsoft Teams.

THE COMMISSIONER: I'm sorry to hear that. All right, look I've seen the correspondence today and I understand that most of the matters have been resolved. As I understand it, Ms Carr, the MUA withdraws its objection to the approval of the agreement and seeks to be covered by the agreement. Am I correct about that? You get the prize. You're on mute. I can lip read. Sorry, Ms Carr - I do need you to confirm that on transcript. You'll need to come off mute.

MS CARR: I'm sorry, Commissioner - I didn't realise I was on mute. Yes, sorry - I can confirm the parties have had discussions over the weekend and the MUA withdraws its opposition.

MR GUNNINGHAM: No, Commissioner, I haven't.

MR BYRNE: Mr Commissioner, if I could just explain that briefly?
THE COMMISSIONER: Thank you. Then coming to you, Mr Byrne, in an email today you've raised what you think might be a BOOT issue. Mr Gunningham, have you had an opportunity to look at that?

MR BYRNE: Yes, the issue that I drew attention to this morning - I do apologise for late advice on that point - it was something I saw in review of the documentation is that the definition of base hourly rate refers to the annual salary being divided by $52-52$ weeks in the year - and then being divided by 84,84 being 12 hours a day for a seven-day week. The pattern of work is that the employees work 26 weeks on and 26 weeks off in a full working year. So the first figure of 52 in my simple understanding of the industry is that the 52 should be 26 to get a proper hourly rate.

THE COMMISSIONER: But if they're rostered off for six months, it's still an annual rate. It still has to be divided by 52, surely? So, Mr Pryce, have you had an opportunity to think about this?

MR PRYCE: No, Commissioner, I haven't had an opportunity to think about it but basically it is different from previous arrangements where we are taking a yearly salary approach and our crew have decided and agreed that they get the same amount on a fortnightly basis in accordance with that annual salary.

THE COMMISSIONER: So it's correct to divide it by 52 ?

MR PRYCE: Yes.

THE COMMISSIONER: I mean, certainly the Commission identified no BOOT issue associated with that.

MR PRYCE: So whether they're working or not they get the same value week in, week out.

THE COMMISSIONER: Yes. (Indistinct) for you, Mr Byrne?

MR BYRNE: Commissioner, I do understand that it's a payment averaging system and payment averaging systems are common for aggregate wage situations. We - I think - firstly introduced aggregate wages into this sector in the early 1980s. But the calculation of an hourly rate which only has relevance in limited circumstances is based on the actual work pattern during working periods, not during the work and leave periods. So there's a difference between payment systems to smooth income delivery and the calculation of entitlements based on work pattern during the working week.

Commissioner, if I could just take an alternative approach - if you do the mathematics, this approach would extrapolate a requirement to work an effective amount of hours of over 4,000 hours, where the norm in society is around about

1,820 and the standard in the maritime is somewhere between 1,960 and 2,120 , something like that, to reflect the extra hours that are required for continuous operation of vessels.

THE COMMISSIONER: I think we're just all furiously looking at this for a moment.

MR BYRNE: I understand - just to be a little bit more precise, $52 \times 84$ is 4,368 . There is no physical way that a person can work 4,368 hours a year without breaching every OH and S regulation in the country and in the world.

THE COMMISSIONER: All right, so the defined term appears obviously in the definitions and then four other times in the agreement. So one example of that is 13.6.6, which is in relation to training. It says: 'Employees will be paid at the base hourly rate of pay for each hour of training attended'. So, Mr Pryce, would they get --

MR PRYCE: They just get their standard pay, Commissioner. So basically, we've tried to simplify things because we had quite a few issues with our crew going for home loans and banks not understanding what their base hourly rate or salary was per year so the discussion has been around simplifying things and that - the approach has been, well, okay, let's look at it from an annual salary and you get paid the same amount every week, week on week, throughout 52 weeks a year.

THE COMMISSIONER: So then if I'm doing training I'm getting ---

MR PRYCE: The same as you would if you were on board, Commissioner.

THE COMMISSIONER: - - the annual - sorry, the annual rate of pay divided by 52 weeks, divided by 84 .

MR PRYCE: No, it's basically the annual rate of pay divided by 52 weeks - so the get the same amount every week, week on week, regardless of whether they're at work or whether they are training or whether they're at home.

THE COMMISSIONER: But, see, the definition of base hourly rate of pay is calculated by dividing the applicable annual salary by 52 and then dividing again by 84 .
not relevant to how many hours they're actually going to be working. I think - so that's a good example, clause 13.3 with the training wage: if they're doing, you know, a day worth of training then the company can work out their hourly rate for that training by applying the definition of base hourly rate of pay. And if I did the maths on the master salary, for example, and you just divide 211 by 52 , you get the weekly salary of around $\$ 4,000$ and then divide that again to get their hourly rate of about $\$ 48.38$. I don't know if that helps, but - -

THE COMMISSIONER: Yes, it's only relevant in relation to overtime, 13.3.1, training 13.6.6, annual leave 17.1, and redundancy, 26.3.3. The maths seems sensible to me.

MR BYRNE: If I could come back again, Mr Commissioner?

THE COMMISSIONER: Yes, Mr Byrne.

MR BYRNE: The examples given also highlight the potential flaw because if it's described as an hourly rate for training and the training is delivered in six or eighthour units per day, five days a week, then you're not going to be getting the weekly rate when you're off; you'll be getting something far less than the weekly rate because you haven't worked the 84 hours doing the training. If the 52 - first calculation, 52 , gets you a weekly rate, and then you divide by seven, you would get a daily rate. The daily rate applied to a day's training would be appropriate. The weekly rate generally speaking, the entitlements - I think we've identified that redundancy is one of the other areas where this would be applicable.

Redundancy is generally calculated in weeks of pay per year of service and hourly calculations are generally not relevant but would be relevant for the part-year, final year of the entitlement if there was one. So it would be proportionate of the weekly rate, depending on how many months of service of four days out of 365 had been carried out and you would do a calculation based on the proportion of the year and then apply that to the weeks per year of service entitlement - not hourly. I've never seen hourly applied to redundancy, Mr Commissioner. Doesn't mean that it can't be used but as I say, the numbers just don't add up to me.

THE COMMISSIONER: I can't see the BOOT issue, I'm afraid.

MR BYRNE: Yes, I didn't have time to go back and do a comparative on the base hourly rate in the (indistinct) award so I haven't - haven't verified that. It just occurred to me that this looked like about - well, about 50 per cent of what the actual hourly rate for work performed is, because of the 52 divisor is 26 , the working weeks.

THE COMMISSIONER: Yes, but it's not being used for a working week. It's being used for these four entitlements, yes.

MR BYRNE: I understand. I understand it's an income payment averaging system and understand and accept that. It's when you then jump across and use it for other purposes that I see a---

THE COMMISSIONER: That's why I've gone through the agreement to make sure it's only being used for income averaging purposes.

MR BYRNE: Yes, but it derives down to an hourly rate and then applies that hourly rate. But that can have potentially unintended consequences. As I say, for training, you wouldn't be doing 84 hours of training. No trainer would train for 84 hours in a week so you wouldn't be - if it was strictly applied you wouldn't be entitled to your normal salary during a period of training.

MR PRYCE: Commissioner, may I add something here?

THE COMMISSIONER: Yes, Mr Pryce, and then we'll come to you, Ms Carr.

MR PRYCE: There is nothing sinister in this.

MR BYRNE: No, no, I'm not suggesting there is.

MR PRYCE: This has been put together to support my employees who I care about. So it's as simple as that. If there's some minor administration things in here that might not seem completely perfect, I can accept that but what I will do is ensure that I will support my employees in line with this agreement regardless and if there is going to be a negative consequence I'll ensure that there's a positive consequence that comes out of it. It's that simple.

THE COMMISSIONER: Ms Carr.

MS CARR: Just to add to what Mr Byrne is saying - he is correct and in the industry where you have an even-time roster, particularly for the purposes of casual employees who may for example just be working one shift every now and again, or one shift in a - a couple of shifts in a swing, particularly the four weeks on, four weeks off for an even-time roster. I'm just looking at another one in which the applicant had to agree to undertakings for the purposes of deriving an annual - sorry, an hourly rate and this was for the purposes of BOOT, and it is
how it's worked out across the industry in various agreements. So in this instance we have the annual working hours are 2,184 and the way in which it's usually - it is calculated - and I understand, Mr Pryce, what he's saying about for the purposes of an annual salary it is divided by - you've got an annual salary.

But it is ordinarily worked out by dividing the annual salary by the working hours to arrive at an hourly rate. So if you were to take the calculation of, say, an integrated rating who is on $\$ 162,000$ by 78 , or it's proposed - if you did divide that by 62 then 84 , the hourly rate would only be $\$ 37$ an hour and if they were performing overtime or for other purposes that would actually not be the appropriate rate. We agree it needs to be divided by 2,184 to arrive at an hourly rate. I understand that they will be getting annual salaries and it's unlikely that they're going to need that hourly rate for the purposes of calculating overtime and the like.

But the way in which it is usually worked out is the annual salary divided by the working hours as opposed to ---

THE COMMISSIONER: What do you say the working hours are - two thousand - what is it?

MS CARR: Two-thousand, one-hundred and eighty-four - so that's 182 days times 12 hours.

THE COMMISSIONER: Well, Mr Pryce, is it resolved if it would read that the base hourly rate of pay is calculated by dividing the applicable annual salary by 2,184 hours?

MR PRYCE: I'd have to go back and have another look at it, Commissioner. But again, the way that we approached it is we took the yearly salary, divided it by 52 , divided it by seven, and then divided it by the 84 hours and that's how we come up with the yearly salary and their weekly pay.

THE COMMISSIONER: But it doesn't have the seven in there.

MR PRYCE: The seven days?

THE COMMISSIONER: No.

MR PRYCE: No, it doesn't, but on my spreadsheet it does.

THE COMMISSIONER: That's not what the agreement says on page 4.

MR PRYCE: Okay, I'll just have another look at it. Let me just do a quick calc, if you don't mind.

THE COMMISSIONER: Yes, please do.

MR PRYCE: So when I do the calculation, Commissioner, if I divide the annual salary by 52 -- -

THE COMMISSIONER: Yes.

MR PRYCE: - - and by 84, I get the exact hourly rate. So by definition, when I put the calculation together in line with that definition I get the exact hourly rate.

PN67
THE COMMISSIONER: Maybe show me an example of that. Go to - which one did you use to calculate that?

MR PRYCE: I used the ABIR. So I'll just go find that. Sorry, I'm just trying to find the crewing tables. So if I go 162,578 , which is an annual salary - -

THE COMMISSIONER: Slow down - 162,000-- -

MR PRYCE: - - 578 - and this is the IR classification.

THE COMMISSIONER: Yes.

MR PRYCE: If I then divide that by 52, if I then divide that result -

THE COMMISSIONER: Hang on - -

MR PRYCE: Apologies.

THE COMMISSIONER: - - divided by 52 - - -

MR PRYCE: Yes, that gives me a total - -

THE COMMISSIONER: Gives me a weekly of $3,126,50$, yes. I see that.

MR PRYCE: And if I then divide that - - -

THE COMMISSIONER: Divide that by 84 ?

MR PRYCE: Yes - I can an hourly rate of \$37.22. So, simply put, Commissioner, every week an IR for 52 weeks a year will get $3,126.50$ in salary, regardless of whether they're working or not.

THE COMMISSIONER: Yes. Mr Byrne, that doesn't - I'm just checking the calculations myself - that does appear right.

MR BYRNE: Certainly the weekly rate is correct and diving the weekly rate by 7 gives you a correct daily rate for income purposes but it's just - look, it's a logical leap to say that an employee is regarded as working 12 hours a day when they're on leave and they're simply not. They work the 182 days for the roster and they have 182 days of leave. The income is spread over the two portions of the year. But the income is earned in the 182 days of work. One-eighty-two days is the correct divisor, not 365 or 365 , to get your actual working day and then to drill down from that to get your daily rates and hourly rates.

I don't have any argument with Mr Pryce about what the net outcomes in terms of pay roll systems for employees' earnings are when they're on normal duties - none at all. That is the very concept of the aggregate wage, which became the salary for the industry. But when you put those numbers together, it can be interpreted as an obligation to work over 4,000 hours in a year.

MR GUNNINGHAM: Commissioner, if I may there - I mean, there is nothing in the agreement that would require that. I mean, their weekly is not to do with the number of hours they're working. It's just how they work out - how the company works out how much they get paid per week. I mean, the ordinary hours clause I think addresses Mr Byrne's issue - hours of work clause, clause 9.

MR BYRNE: Yes, that definitely does address the pattern of work. No doubt about that, that's absolutely correct. They only work during the periods when they're rostered on, not when they're rostered off.

MR GUNNINGHAM: So there is no way that under that clause they could be working these excessive hours that you're concerned about, Mr Byrne.

THE COMMISSIONER: Sorry, I think I can now see the point - -

MS CARR: Sorry.

THE COMMISSIONER: Sorry, Ms Carr - I didn't meant to cut you off.

MS CARR: Yes - I think further in support of what Mr Byrne is saying, if you then go further and divide that by seven you end up with a daily rate of $\$ 446$. Now, that doesn't line up with what - and I go back to what I was saying about casual employees and arriving at an hourly rate - so if you go to the casual employees' day rate you will see that those day rates, for example for an IR, it's $\$ 1,100$ per day. So - and I understand we're talking about permanent employees here but if they were to, say, have to do another swing or something, then they'd only be receiving for 12 hours - they'd only be receiving 446 a day if they performed an additional, you know, week of a swing or something like that, whereas a casual employee would be getting $\$ 1,100$ a day. Sorry, it is how it's worked out in the industry. It's divided by the 2,184

MR PRYCE: If an IR was to do an additional swing, they get 200 per cent of their hourly rate. It's in the enterprise agreement.

MR GUNNINGHAM: And I'm not sure - I mean, I know, Ms Carr, you're trying to be helpful but I think the MUA's position is it's no longer opposing the agreement.

MS CARR: Well, certainly ---

THE COMMISSIONER: Yes, sorry - - -

MS CARR: It's been brought to all of our attention, I think. I hadn't really picked up on it and it's something I've had to look at when we've had to come up with hourly rates for casuals when you're looking at that annual amount, salary, for a permanent employee and then trying to convert it into an hourly rate for a casual employee based on 2,184 hours.

THE COMMISSIONER: Could I ask this question: the five weeks of paid annual leave, does that come out of the 26 weeks when you're on the swing?

MR BYRNE: No, it's part of the 26 weeks off.

MR PRYCE: That's in addition - so they get an additional five weeks' annual leave every year.

THE COMMISSIONER: There's only 52 weeks in - Mr Pryce, could you just stay and help me with that.

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PN100
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MR PRYCE: Yes.

PN101
THE COMMISSIONER: There's 52 weeks in a year, 26 weeks they're on the swing, 26 weeks they're not. When does the annual leave occur?

## PN102

MR PRYCE: They just get an additional annual leave every year of five weeks. So most of the guys will accrue that over two or three years. Some of them get it paid out. They can get it paid out at any time they wish.

THE COMMISSIONER: All right, so - yes, because I mean if you're getting 26 weeks off you wouldn't take any annual leave, would you?

MR PRYCE: No. Some people do in certain circumstances. Some people might only work 24 weeks a year, for example, and take two weeks' annual leave.

THE COMMISSIONER: That was my point. If you're taking the annual leave you're taking it during the time you're on the swing.

PN106
MR PRYCE: Yes.

PN107
THE COMMISSIONER: Yes, right - so but the thing is this: this is how - I think it might be an accrual issue because if I'm the ABIR and I'm getting 162,578 per year, I earn that in 26 weeks of work and so that divided by 26 is 6,253 divided by 84 gives me an hourly rate - so I'm actually earning it, I'm actually earning $\$ 74.44$ an hour.

MR PRYCE: Yes, exactly - so they're basically earning $\$ 893$ a day during those 26 weeks - - -

THE COMMISSIONER: Hang on, hang on - so whilst I'm working I'm earning $\$ 74.44$ an hour, aren't I?

MR PRYCE: That's correct.

THE COMMISSIONER: Yes, so why isn't my annual leave accruing at that hourly rate? The annual leave should be accruing at the same rate at which it is paid or earned.

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PN112
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MR PRYCE: Hm.

PN113
THE COMMISSIONER: I think maybe we just need to adjourn for a week and people need to go think about this. The normal principle is your annual leave accrues at the same rate at which you get paid. These people are earning at $\$ 74.44$ in the example we're talking about. Why isn't their annual leave accruing at the same rate? Using the definition of base hourly rate of pay, their annual leave is accruing at a rate of $\$ 37.22$ - half the rate.

MR GUNNINGHAM: We might be able to just confirm that fairly quickly, that the - we might be able to confirm the rate at which it is accruing. I'm not sure Mr Pryce is saying it's not accruing at that rate.

THE COMMISSIONER: Well, I assume it is accruing at the rate of \$74.44. The problem is that's not what the agreement says. The agreement will cut the accrual rate by half.

MR GUNNINGHAM: Okay.

PN117
THE COMMISSIONER: Why don't we take an adjournment until 11 am so people can get their head around this and come back?

PN118
MR GUNNINGHAM: Okay, thank you, Commissioner.

## SHORT ADJOURNMENT

RESUMED
[11.04 AM]
PN119
THE COMMISSIONER: Who is going to assist me here? Mr Pryce?

MS CARR: Sorry, Commissioner - could I go first?

MR GUNNINGHAM: I would like to go first.

MS CARR: It just might assist if you maybe - and then to Mr Pryce as to how he calculated the casual daily rate but as I see it, the contention which I support of Mr

Byrne - and as I said it's throughout the industry - is that the hourly rate, if you need one, is worked out by the 2,184 . So if you divide the salary of 162,578 again taking the IR by those hours, the working hours that is, you get to a rate of 74.44. Now, if you ---

THE COMMISSIONER: Which is the rate I got.

MS CARR: Yes, so if you then arrive at a daily rate - that is for a permanent employee - so that rate multiplied by 12 gives you $\$ 893.28$ and then if you multiply that by 25 per cent for a casual employee you arrive at $\$ 1,116$ a day. So that pretty much accords with the daily rate for an IR - difference of $\$ 12$. Now perhaps Mr Pryce can assist as to how he worked out those rates but that sort of lends support for the way in which the hourly rate - because if a casual to work another two hours and the base hourly rate was the way - divided by 52 and then by 84 , they'd be - the hourly rate would be half of what it was if you're working out their daily rate. Are you following me?

THE COMMISSIONER: Yes, I do. Mr Pryce, can you tell us, currently at what rate does annual leave accrue?

MR PRYCE: So, for example, the way that I've worked out the annual leave is as simple as this: the weekly rate for an IR is $\$ 3,126.50$. I have times that five, which equals $\$ 15,633$ a year in annual leave.

PN127
MR GUNNINGHAM: And, Commissioner, in relation to the accrual point, clause 17.1 specifies that it will accrue on the basis of 84 hours per week so employees are accruing 84 hours of annual leave per week.

THE COMMISSIONER: That says, 'and will be paid at the base hourly rate of pay'.

MR GUNNINGHAM: Yes

MR PRYCE: But it's multiplied by 84 hours which then gives you the weekly rate of $\$ 3,126.50$, which an annual leave value is five times $\$ 3,126.50$, which equals $\$ 15,633$ in annual leave per year.

THE COMMISSIONER: But then in 26.3.3, the redundancy payment is made at the base hourly rate.

MR GUNNINGHAM: But for their ordinary hours of work so again, it's 84 hours per week.

THE COMMISSIONER: All right, okay - I understand.

MR GUNNINGHAM: So I think that addresses the annual leave and the redundancy issue and the casuals just paid their day rate.

THE COMMISSIONER: It's got nothing to do with the casuals at all.

MR GUNNINGHAM: Yes.

MS CARR: Sorry - just in relation to that issue about the ordinary hours: maybe that needs to be a bit clearer because 9.1.3 days there's a working pattern of 84 hours - that is the hours of work - but it equates to an average of 38 ordinary hours so ordinary hours is not really defined. But I mean, I accept if it is worked out over the working pattern of 84 hours a week. Then it's not an issue.

MR GUNNINGHAM: But that's the - -

THE COMMISSIONER: Look, for my own part, having looked at this during the break and had the benefit of Mr Pryce's explanation now, I can't see that this is an issue and I certainly can't see that it is an issue that impedes my ability to approve the agreement.

PN140
MR BYRNE: Commissioner, if I could say - Martin Byrne here, sorry - I concede certainly that there is no BOOT test issue and therefore as you say there is no impediment to approval. I do think there's potential for confusion and accordingly I'd ask that the transcript of today's proceedings be made available to the parties so that we can all have that on our record so that we all are able to refer to it, to ensure that there is no confusion amongst anyone - our members or anyone else.

THE COMMISSIONER: Yes, we will request the transcript and make it available to the parties in due course.

MS CARR: Thank you, Commissioner.

THE COMMISSIONER: All right is there anything further? Mr Gunningham?

MR GUNNINGHAM: Well, Commissioner, so the MUA has withdrawn its opposition to the agreement. We don't oppose the issue of coverage, that the agreement covered the MUA.

PN145
THE COMMISSIONER: As (indistinct)?
PN146
MR GUNNINGHAM: Well, I haven't taken instructions about that because it's just been raised this morning by Mr Byrne but I can. I mean, I guess independently there's a question of whether there were bargaining representatives but I don't make any more submissions about that. I can check whether the applicant takes issue with the AIMPE being covered by the agreement.

THE COMMISSIONER: Let's get those instructions.

MR GUNNINGHAM: Okay, perhaps if Mr Pryce just goes on mute and takes off the video I'll give you a call, Mr Pryce. Is that acceptable, Commissioner?

THE COMMISSIONER: Let's adjourn for five minutes while you get those instructions.

PN150
MR GUNNINGHAM: Thank you.
SHORT ADJOURNMENT
[11.11 AM]
RESUMED
[11.14 AM]

PN151
THE COMMISSIONER: Mr Gunningham, what instructions do you have?

MR GUNNINGHAM: Thank you, Commissioner - the applicant doesn't oppose the AIMPE being covered by the agreement.

PN153
THE COMMISSIONER: All right. Anything further from you, Mr Gunningham?

MR GUNNINGHAM: Well, I could make submissions about the other -- -

THE COMMISSIONER: I don't need to hear from you further.

MR GUNNINGHAM: Okay, thank you, Commissioner.

THE COMMISSIONER: Ms Carr, anything further from you?

PN158
MS CARR: Nothing further, thank you, Commissioner.

PN159
THE COMMISSIONER: Thank you. Mr Byrne, anything further?

PN160
MR BYRNE: No, Commissioner, nothing further from AIMPE.

PN161
THE COMMISSIONER: Thank you. I can advise the parties that later today the agreement will be approved with undertakings dated 11 May 2023 with coverage of both the MUA and AIMPE. The Commission is now adjourned, good morning.

MR GUNNINGHAM: Thank you, Commissioner.

MR BYRNE: Thanks, Commissioner.

MS CARR: Thank you, Commissioner.
ADJOURNED INDEFINITELY

