


# Enterprise Agreements – how not to manage the payroll side of things



Anyone who works in HR and Industrial Relations will know what a long and complex process negotiating and agreeing EBAs can be. Not only can the unions be heavily involved, but FairWork are likely to scrutinise any draft agreement and require evidence that employees will be better off under the EBA than the relevant Modern Award.

So once all that work has been successfully completed, the agreement has been ratified by FairWork and communicated to employees – it's time to crack open the champagne, right?

Not quite.

A lot of employers forget the next step in the process – ensuring that their payroll department is fully briefed on changes to the EBA, including any changes that may require reconfiguration in the payroll or Time and Attendance systems. Often, we see payroll kept in the dark about the progress of the new Agreement and then, once ratified, simply provided with a copy of the Agreement and an instruction over when it needs to be effective from.

This does not give the payroll team the time needed to assess the new Agreement (which can be over 100 pages long), to identify any changes that are necessary (both to processes and systems), to test these changes and to calculate any backpay due employees by the date the agreements are required to be in force. This can lead to incorrect payments, corners being cut and manual adjustments being made because payroll do not have enough time to analyse the Agreement.

At a minimum payroll departments should receive:

- Regular updates over the progress of negotiations;
- Copies of the draft agreement once submitted to FairWork;
- A completed template highlighting what the new pay rates/allowance values are (in a format agreed with the payroll department)
- A summary which details the main changes to employee entitlements – e.g. if there are any new allowances, shift penalties, loading rates etc that may require changes to systems;

This will allow the payroll team to plan their workload to include a thorough review of the new Agreement against current processes and systems, and to identify what changes need to be made- all in plenty of time before the effective date.

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