

**REGISTER OF
ENTERPRISE AGREEMENTS**

ENTERPRISE AGREEMENT NO: Ea00/20

TITLE: Tyco Water - Yennora Works Agreement 1999

L.R.C. NO: 99/5819

DATE APPROVED/COMMENCEMENT: 12 November 1999

TERM: 12 months

**NEW AGREEMENT OR
VARIATION:** New

GAZETTAL REFERENCE:

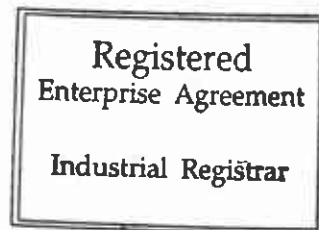
DATE TERMINATED:

NUMBER OF PAGES: 27

COVERAGE/DESCRIPTION OF

EMPLOYEES: Applies to employees of the Company engaged at the Yennora Site

PARTIES: Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, New South Wales Branch -&- Electrical Trades Union of Australia, New South Wales Branch, The Australian Workers' Union, New South Wales, Tyco Water Pty Limited



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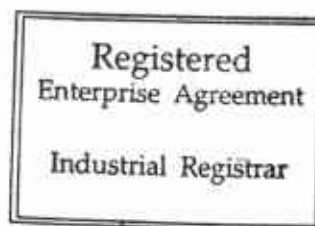
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Final Agreed Document

Registered
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TYCO WATER PTY. LTD. YENNORA WORKS AGREEMENT 1999

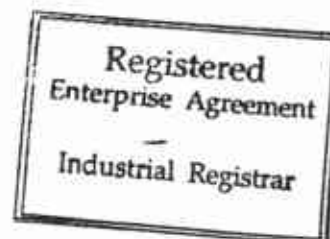
Arrangement

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1 Title

- 1.1 This Agreement shall be known as the Tyco Water - Yennora Works Agreement 1999.

2 Parties Bound By Agreement

- 2.1 The parties bound by this Agreement are:

- (a) Tyco Water Pty. Ltd. - Yennora Works;
- (b) The Australian Workers' Union, New South Wales;
- (c) Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, New South Wales Branch; and
- (d) Electrical Trades Union of Australia, New South Wales Branch.

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3 Application

- 3.1 This Agreement shall apply to all employees of the Company engaged in the classifications specified in Schedule 4 and engaged at the Yennora Site irrespective of whether the employees are members of the Unions.

4 Definitions

In this Agreement:

Act means the Industrial Relations Act 1996 (NSW).

AIRC means the Australian Industrial Relations Commission.

Awards means the Yennora Award and the Metal Industry Award

Company means Tyco Water Pty Ltd ACN 087 415 745

Commencement Date means the date of the approval of this Agreement by the NSWIRC.

Metal Industry Award means the Metal, Engineering and Associated Industries Award 1998.

NSWIRC means the Industrial Relations Commission of New South Wales.

Union means the Australian Workers' Union, New South Wales, the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, New South Wales Branch and the Electrical Trades Union of Australia New South Wales Branch.

Utilisation Rate means the utilisation of casting machines and/or the whole plant as determined in accordance with Schedule 6.

Yennora Award means the Tubemakers of Australia Limited, Yennora - General Award.

Yennora Site means the operations of the Company at Dursley Road Yennora New South Wales.

1997 Agreement means the Tubemakers of Australia Limited Yennora Works Agreement 1997.

5 Links To Previous Agreement And Awards

- 5.1 This Agreement rescinds and replaces the 1997 Agreement.
- 5.2 This Agreement operates in conjunction with the Awards.
- 5.3 To the extent of any inconsistency between this Agreement and the Awards, this Agreement shall prevail.
- 5.4 To the extent that any term or condition of the Metal Industries Award 1984 Part 1 was held not to be an allowable matter under section 89A(2) of the *Workplace Relations Act 1996 (Cth)* by the Australian Industrial Relations Commission in its decision Print No P9311, that term or condition shall continue in force as if part of this Agreement in respect of employees covered by the Metal Industry Award.
- 5.5 The Company agrees that the facilitative provisions listed in Clause 2.2 of the Metal Industry Award, will only be used after consultation seeking to reach agreement with relevant Unions and with the agreement of the majority of employees affected.

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6 Background

- 6.1 The parties recognise the present business environment within which the Company is operating, as reflected in Schedule 1.
- 6.2 The parties are committed to working towards the Vision and Mission contained in Schedule 1.
- 6.3 The parties are committed to achieving the Objectives contained in Schedule 2.
- 6.4 The parties are committed to continuing the processes in Schedule 3.

7 Wages And Allowances

- 7.1 The Company will pay employees the rates of pay as set out in Schedule 4A from 23rd August, 1999.
- 7.2 The Company will pay employees the rates of pay set out in Schedule 4B from 21st February, 2000.
- 7.3 If plant operation achieves an average six months utilisation rate of greater than or equal to 60% over the period of August 1999 to January 2000 inclusive, then the Company will pay back-pay to those employees in employment at 31st January,

2000, the difference between the rates in Schedule 4B and the rates in Schedule 4A to 23rd August, 1999.

7.4 The Company will pay employees the rates of pay set out in Schedule 4C from 21st August, 2000.

7.5 If plant operation achieves an average six months utilisation rate of greater than or equal to 62% for the period of February 2000 to July 2000 inclusive, then the Company will pay back-pay to those employees in employment at 31st July, 2000 the difference between the rates in Schedule 4C and the rates in Schedule 4B from 21st February, 2000.

7.6 The rates of pay provided for in this Agreement are inclusive of all increases provided for or arising out of:

- (a) all decisions of the AIRC or the NSW IRC in the nature of a "living wage" claim;
- (b) all decisions of the AIRC or the NSWIRC in the nature of a safety net adjustment;

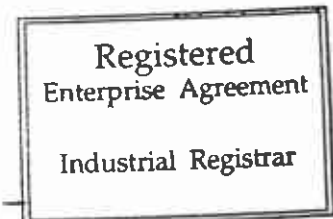
(c) all decisions of the NSW IRC adopting a National Decision under the Act or concerning a State Decision under the Act or in the nature of a Stage wage case; and

(d) all variations to of either the Awards.

prior to the commencement of this Agreement or while this Agreement remains in force.

7.7 The Company agrees to increase the weekly shift work allowances contained in and applicable under the Yennora General Award from 23rd August, 1999 as follows:

- (a) Increase the existing \$36.00 rate to \$46.20
- (b) Increase the existing \$30.00 rate to \$38.50
- (c) Increase the existing \$48.10 rate to \$61.70
- (d) Increase the existing \$14.20 rate to \$18.20
- (e) Increase the existing \$23.80 rate to \$30.50



7.8 The Company agrees to increase the Electrical "A" Grade Licence payment for electricians from 23rd August, 1999 from \$21.90 per week to \$22.70 per week.

7.9 The Company agrees to increase the Electricians' Tool Allowance payment from 23rd August, 1999 from \$9.00 per week to \$9.40 per week

7.10 The company agrees to increase the Large ("Hot") Conditions Allowance from \$13.50 to \$27.00 per week from 23rd August, 1999. Application of this allowance is as follows:

- (a) Entitlement to payment only exists if the condition is present, that is, when molten metal is being produced, treated and cast into pipes.
- (b) The normal application is to employees in Pipemaking, Cupola Furnacemen, Electric Furnace Operator, Fischer Converter Operator, Hot Metal Skimmer, and anyone whose normal roster requires them to work on such jobs for more than two hours in the shift.

- (c) An employee required to work in a job attracting this allowance for more than two hours in a shift will be entitled to payment of the allowance for the whole shift.
 - (d) Employees in the Core Plant ceased to be part of the Pipemaking Department from July 1998 and employees in the Core Plant have not had an entitlement to a "Hot" allowance since then. Prior to this time, employees in the Core Plant were entitled to be paid the Small ("Hot") Conditions Allowance because they were routinely called upon to relieve on the casting platform. The Company will continue to pay the Small Conditions Allowance, at the current rate of \$10.20, to those employees presently in the Core Plant who have generally received this Allowance since before July 1998, while they continue in the Core Plant.
 - (e) Where employees are no longer covered by the situations described above, then existing payments will cease from 23rd August, 1999.
- 7.11 The rates of pay provided for in this Agreement are inclusive of all allowances howsoever arising except the following:
- (a) platform conditions allowances (also known as the "hot conditions allowance");
 - (b) cutting skulls allowance;
 - (c) leading hand allowance; and
 - (d) shift allowances (including those set out in clause 7.7).



8 Superannuation Payments

- 8.1 The parties agree that to the extent permitted by law employees' superannuation contribution payments are to be paid by "wage sacrifice" from gross pre-tax pay from 23rd August, 1999, such that the normal wage for superannuation, leave, and all other purposes, remains unaffected by this arrangement.

9 Electronic Funds Transfer

- 9.1 The parties agree that the Company will pay employees pursuant to this Agreement by means of electronic funds transfer.
- 9.2 The Company will continue to make available an EFTPOS facility on the site for the life of this agreement.

10 Flexibility

- 10.1 The parties are committed to working in natural work teams with teams taking responsibility for their own outputs.
- 10.2 The parties agree to progressively implement work redesign changes involving consultation with unions and affected people.

- 10.3 The parties agree not to restrict the allocation and movement of people to meet the needs of the business, including coverage of absences and peak demands, subject only to being safe, legal and logical which are in turn dependent on appropriate skills, competency and training.
- 10.4 The parties agree that relief for absenteeism can be provided by use of available relief people, leading hands and team leaders, by redistribution of functions within the department, or by secondment from other departments. Leading hands will only be used to cover such absenteeism where ability to perform the essential elements of the employee's normal role is not unduly restricted.
- 10.5 The parties agree that where there is a need to train employee(s) for various needs of the business, the Company will first seek suitable volunteers and consult with affected employees. Where the need can still not be satisfied, it is agreed that employees will not unreasonably refuse to learn and acquire new skills.
- 10.6 The parties agree to the introduction of electronic timekeeping and the use of swipe cards with consultation on implementation procedures.
- 10.7 The parties agree to arrangements which will allow working full shift time, more flexibility in shift start and finish times, with consultation on implementation. The Company will work with employees to try to bring forward as much as possible daily start times for pipemaking to minimise the impact of summer heat.
- 10.8 The parties agree to trial, in addition to existing shift patterns, a 4-day week roster based on 3 x 10-hour shifts and 1 x 8-hour shift as ordinary hours for some production workers as follows:
- (a) The Company intends to work 4 x 12-hour production shifts on each production day and to offer overtime to employees such that a typical working week would comprise 3 x 12-hour shifts and 1 x 8-hour shift, or 4 x 11-hour shifts for various employees. This would require the Company to generally offer 6 hours overtime in a production week.
 - (b) A reduced sized afternoon shift to cover the extra hours to allow operation of 4 casting machines for 12 hours on 4 days of the week.
 - (c) This arrangement would yield one day off every calendar week as each employee would complete their 38 standard hours in 4 days each week.
 - (d) The parties agree that some non-core production tasks would be contracted out or performed by others as pipemaking crews will achieve normal average overtime on production tasks.
 - (e) Other departments would have appropriate arrangements to support casting operations.
 - (f) The parties agree to review the effectiveness and impact of the trial arrangements, including overtime arrangements, at the end of the Agreement.
 - (g) Pay administration arrangements for those working the 4-day shift are outlined in Schedule 5.
 - (h) There will be greater use made of non-production hours for programmed maintenance.

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- 10.9 The Company agrees to consult with employees and the other parties, seeking to reach agreement before any major changes occur to shift operating systems for the duration of this Agreement.

11 Continuous Improvement And Work Practices

- 11.1 The parties agree to establish a joint best practice achievement group, including representatives of employees and management, to oversee the continuous improvement process and selected benchmarking projects.
- 11.2 The parties are committed to identifying and implementing more efficient work arrangements at the site including, but not restricted to, the items listed in Schedule 6.

12 Competencies

- 12.1 The parties agree to the introduction of leadership, co-ordination and facilitation competencies to the footprint in place of leading hand allowances with no loss absorption of existing allowances. Implementation will be with consultation.
- 12.2 The parties agree to a competency-based pay structure with pay levels and competency points for Pipemakers, Electricians and Mechanical Trades as per Schedules 4A, 4B and 4C.
- 12.3 The parties agree to establish a competency footprint for electricians based on existing Yennora competencies, supplemented by competencies from the National Metals model where appropriate and other sources where necessary.
- 12.4 The employees covered by this Agreement agree to participate in the competency-based structure utilising all competencies possessed as required.

13 Occupational Health And Safety

- 13.1 The parties are committed to:
- (a) reducing the frequency and seriousness of injuries at the site;
 - (b) working safely at the site;
 - (c) improving continuously occupational health and safety at the site; and
 - (d) continuing the consultative processes concerning occupational health and safety at the site.
- 13.2 The parties acknowledge that it is a condition of employment that employees at the site:
- (a) work safely; and
 - (b) wear personal protective equipment,
- in accordance with policies of the Company and the site in force from time to time.

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14 Capital Expenditure

- 14.1 The Company is committed to continuing its capital investment in the business subject to the on-going viability of the business, the economic value of the investment and the availability of capital funds.

15 Redundancy

- 15.1 The parties recognise that employment security is governed by the viability of the business which is, in turn, determined by the effectiveness of this Agreement.
- 15.2 In the event that the Company has made a definite decision that it has surplus labour or positions, the Company agrees to:
- (a) consult with the Unions; and
 - (b) eliminate surpluses in the following manner and in the following order of priority:
 - (1) retraining employees for redeployment to other available positions within the company;
 - (2) natural attrition
 - (3) voluntary retirement schemes;
 - (4) voluntary redundancy; and
 - (5) involuntary redundancy.
- 15.3 The Company agrees not to implement any involuntary redundancies without prior discussion with the Unions.
- 15.4 The Company agrees to provide employees who are made redundant by the Company a termination package consisting of:
- (a) notice of 4 weeks (or payment in lieu);
 - (b) redundancy pay of:
 - (1) 10 weeks' pay; and
 - (2) 2.5 weeks' pay for each year of service (on a pro rata basis for a portion of a year of service);
 - (c) accrued but untaken annual leave in accordance with the Annual Holidays Act 1944 (NSW) or the Awards; and
 - (d) accrued but untaken long service leave in accordance with the Long Service Leave Act 1955 (NSW) or the Awards.

16 Consultative Committee

- 16.1 The parties agree to maintain the Consultative Committee to:
- (a) meet regularly;
 - (b) review the implementation of this Agreement; and

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- (c) discuss and resolve issues of concern as they arise.

17 Disputes Settling Procedure

- 17.1 The parties to a grievance or dispute will take all reasonable steps to ensure that the following procedure is followed responsibly and expeditiously:
- (a) if an employee has any problem or concern in relation to his or her employment, the employee shall in the first instance discuss the matter with his or her immediate supervisor who will endeavour to resolve the issue expeditiously;
 - (b) any unresolved matter shall then be referred to the Section Supervisor. This can be done by the employee himself or herself, the employee and his or her union delegate, or by the union delegate on behalf of the employee;
 - (c) should the dispute still remain unresolved, appropriate assistance should then be sought from the Manager or his or her deputy and if necessary an official of the union concerned;
 - (d) in the event of no agreement being reached, the dispute shall be referred to the Industrial Relations Commission of New South Wales for conciliation.
- 17.2 Where a grievance or dispute involves either party seeking to change an existing agreement or practice, the parties shall endeavour to identify and agree on what is the status quo, which shall then continue to prevail until the dispute is either resolved or at least until the parties have exhausted all steps in the above procedure.
- 17.3 Whilst the procedure in Clause 17.1 is being followed, work shall continue without interruption and no form of ban, limitation or industrial action shall be applied.

18 No Extra Claims

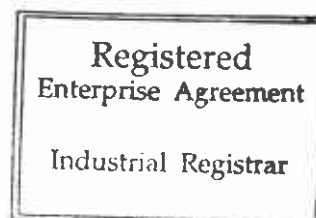
- 18.1 The Parties agree that they will not make any further claims for the duration of this Agreement.

19 Commitment To The Agreement

- 19.1 The parties agree that they will do all things possible to ensure the people they represent are committed to the spirit and intent of this Agreement.

20 Duration Of Agreement

- 20.1 This Agreement will commence on the Commencement Date and continue for a period of twelve (12) months.



21 New Agreement

- 21.1 The parties agree that negotiations for the next agreement will commence no later than nine months after the Commencement Date.
- 21.2 The parties will participate in those negotiations in good faith and with a view to attempting to ensure that the new agreement is ready to be put in place at the conclusion of this Agreement.
- 21.3 Without in any way limiting the generality of the above, in negotiating in good faith the parties will:
- (a) establish the identity of those persons responsible for negotiating the new agreement on behalf of the Company on the one side and the Unions on Site on the other side;
 - (b) ensure that representatives participating in the negotiations for either the Company or the Unions have authority to negotiate the agreement and to speak with a single voice for either the Company or all Unions on Site (as a single bargaining unit) as the case may be;
 - (c) agree to meet at reasonable times proposed by the other party;
 - (d) attend all meetings that the party has agreed to attend;
 - (e) comply with the negotiating procedures agreed to by the parties;
 - (f) not unreasonably add or withdraw items for negotiation;
 - (g) disclose relevant information as appropriate for the purposes of the negotiations; and
 - (h) not refuse or fail to negotiate with the other party.

22 Agreement Not A Precedent

- 22.1 The Unions agree not to use this Agreement in any manner whatsoever to obtain similar arrangements or benefits in any other plant or enterprise, whether Tyco Water, or otherwise.



Executed as an agreement:

Signed for

The Australian Workers' Union, New South Wales
by its authorised officer
in the presence of:

[Signature]
Witness

GENE H LIVERMORE
Name (please print)

[Signature] Acting Secretary.
[insert position]

C. BOSWORTH
Name (please print)

Signed for

Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, New South
Wales Branch
by its authorised officer
in the presence of:

[Signature]
Witness

George Maniatis
Name (please print)

[Signature] Shop Secretary
[insert position]

DAVE BASTON
Name (please print)

Signed for

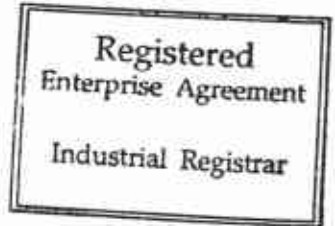
Electrical Trades Union of Australia, New South Wales Branch
by its authorised officer
in the presence of:

[Signature]
Witness Jane Deeb JP
9800989

Jane Deeb Jane Deeb
Name (please print)

[Signature] Deputy Secretary
[insert position]

W. Tomlin
Name (please print)



Signed for

Tyco Water Pty. Ltd

ACN 087 415 745

by its representative

in the presence of:

Brendan J Hogan

Witness

BRENDAN HOGAN

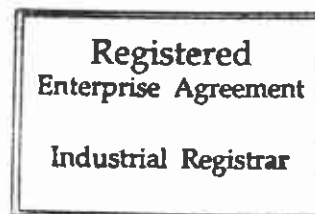
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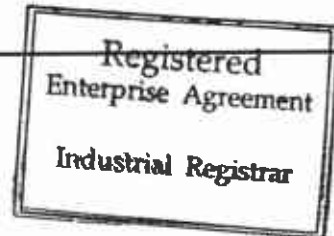
Representative

NEIL TURNER

Name (please print)



Schedule 1 - Background, Vision and Mission



Background

- 1 The Company competes in the ductile iron pipeline market in the size range 80mm to 800mm throughout Australia and within South-East Asia.
- 2 Price pressures for the reticulation sizes 100mm to 300mm in the domestic market from plastic pipe have continued to intensify over the period of the last Agreement. Continued pressure from Hobas and steel pipe continues in the larger sizes.
- 3 The market for ductile iron pipe in Australia has collapsed to the lowest levels experienced in over 15 years. At the same time, exports are depressed due to the Asian crisis. Current manufacturing costs are greater than selling prices for small to medium export and small domestic pipe sizes.
- 4 During the financial year 1998/99, the business ran at a loss with each of the last six months being at a substantial loss. The forecast is for a depressed state of sales to continue for well into the next year.
- 5 The current sales levels cannot support the former operating arrangements and manning levels. The Company has had to act to stop financial losses, restructure the manufacturing organisation, improve flexibility and match plant capability to the market.
- 6 Improved flexibility of the whole workforce is critical to on-going survival and for maximising security of employment for those continuing in the business.
- 7 With the sale of the business, coupled with pressures from the marketplace, restructuring and changes in operating arrangements have produced significant redundancies. The Company has selected employees for continuing with the business and for redundancy based on objective assessment criteria. These include the ability of individuals to support the survival and success of the business in such areas as skills mix, work performance history and the ability of employees to work in flexible and productive work teams.
- 8 Further improvements over the life of this Agreement must come from improved flexibility. Of course, survival in the difficult economic environment will require us to continue the drive to reduce costs wherever possible. It is now essential that we obtain improved flexibility coupled with commitment to continuous improvement to provide enhanced short and long term security of employment.
- 9 The customers of the Company continue to demand higher standards of product quality which require improved performance in manufacture and increased vigilance in inspection at every point in the process.

Vision

- 1 The Company has revised its Vision for Yennora to fit the corporate direction of the new owner, Tyco. However, the Vision is very close to the previous Vision which was set out in the 1997 Agreement.
- 2 This Agreement represents one of many steps along the pathway to achieving the Vision. The Vision may take a number of years and agreements before it is realised.
- 3 The Vision is:

The Yennora Plant, a world best practice manufacturing facility:

- (a) Operating at an output of approximately 60,000 to 70,000 tonnes per annum
- (b) Operating 4 casting machines
- (c) On a single shift basis
- (d) With 97% uptime on all critical equipment
- (e) With a cast/melt ratio greater than 95%
- (f) A reject rate of less than 3%
- (g) With zero serious injuries, no lost time injuries
- (h) And no environmental licence exceedances
- (i) Meeting all customer service, safety and environmental goals
- (j) With the total workforce working flexibly in teams
- (k) Achieving best practice labour productivity
- (l) Delivering consistent profitability growth that meets corporate requirements



4 The parties commit themselves to work together to achieve this shared Vision and develop supporting structures to enable it to be achieved.

5 Our Vision for the people at Yennora is summarised in objective form as:

- (a) Everyone thinking and acting **safely**
- (b) Everyone displaying **integrity** in all dealings with each other and those outside the plant
- (c) Everyone **sharing a common purpose** directed toward achieving the business Vision
- (d) Everyone working with a **customer service focus** seeking to meet the needs of both internal and external customers
- (e) Everyone working flexibly in teams characterised by coaching from leaders and support and **teamwork** within and between teams
- (f) Everyone actively **learning and supporting innovation** using analysis and problem-solving skills
- (g) Everyone **communicating** effectively and sharing the information and knowledge required to succeed
- (h) Everyone **taking pride** in their work and workplace and continuously acting to improve and maintain them
- (i) Everyone **accepting responsibility** for personal and team performance and outputs

We recognise that this is not necessarily a statement of our present values but is a statement of what we want them to be at some time in the near future. We need to develop strategies that will allow us to close the gap.

Mission

1. The Mission for Yennora is:

"To provide cost competitive, quality ductile iron pipes for pipeline systems to support Tyco Water Pipeline Systems in being the leading supplier of pipeline systems and services to the water industry in Australia and designated offshore markets".

2. The parties commit themselves to work together to achieve this shared Mission and develop supporting structures to enable it to be achieved.



Schedule 2 - Objectives

The Objectives of this Agreement are to:

- 1 Support the implementation of the 1999/2000 Strategic Plan and to work towards the achievement of the Vision. Specific Objectives are:

A	Safety:	Zero serious injuries LTIFR < 1.5 MTIFR < 52
B	Delivery Performance:	95% delivery within time and 100% of product meeting specification
C	Labour Productivity:	6.5 total manhours per tonne
D	Equipment Reliability:	< 2.5 casting machine hours downtime per day
E	Casting Machine Utilisation:	66% for 1999/2000 -
F	Reject Rates:	< 7% by July 2000



- 2 Strengthen the common commitment of the parties to:

- A Continue to work to identify and implement more efficient work arrangements and to make the necessary cost reductions in the cost base to achieve domestic and international competitiveness.
- B Continue to build flexibility through skill formation and work design.
- C Develop teams and teamwork with employees carrying out whole jobs.
- D Develop competency-based training related to employee development and business needs.
- E Implement the changes necessary to achieve best practice culture and the Vision for the plant and to use appropriate principles such as benchmarking to achieve those changes.
- F Improve communication to achieve the common commitment of the management and employees to meet this Agreement.

Schedule 3 - Measures to Improve Performance

Training and Skill Formation

(a) Competency and skill based structures

Classification structures to be based on enterprise specific competency standards and skill requirements, aligned with the relevant national competency standards. Training to be consistent with these enterprise competency standards.

(b) Recognition of Prior Learning (RPL)

Competency based assessment procedures to be developed to facilitate RPL as soon as competency standards appropriate to the enterprise have been identified and/or completed. The Training Committee to review any enterprise specific competency standards developed and to develop/implement assessment procedures which are valid, reliable and fair to all employees. Assessors to complete competency based assessor training.

(c) Portability of Skills

Employee development strategies to be based jointly on the needs of the enterprise and the interests of individual employees as ascertained via annual employee development interviews. Strategies to be consistent with ongoing developments arising out of national training reform, ie. allow for RPL, be competency based and be flexible in order to meet the needs of diverse employees.

(d) Delivery of Training

Training may be conducted in-house or off site, through TAFE or other providers. Wherever possible, training to be accredited. Alternative delivery strategies to be investigated in order to maximise employee participation and improve productivity. Employees to be given adequate notice of forthcoming training and can self nominate or be nominated by a supervisor. Employees holding special skills or knowledge to agree to participate actively in the training of others, either in the plant or in the small group sessions in the learning centre, following relevant "train the trainer" training.

(e) Numeracy, Language and Literacy

Numeracy, language and literacy are recognised as key influences on an employee's capacity to participate in workplace change and employee development opportunities. Strategies are to be developed to address individual / team needs identified during the OADP process. Numeracy, language and literacy skills are to be addressed within all competency based training programmes developed in-house. External providers to be asked to attend to numeracy, language and literacy in any training they offer. A checklist for evaluating whether intended training programmes do this to be designed in order to assist in course design negotiations.



Work Organisation

(f) Teamwork

Effective teamwork has people working together for the benefit of themselves and customers. When people work in an effective team, they:

- can have a say
- can share ideas with workmates
- can learn from others
- can do a better job

At the same time, the team meets the needs of customers and improves quality.

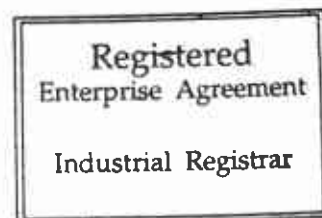
(g) Continuous Improvement and Best Practice

Continuous Improvement is basic to a best practice company. Hundreds of small changes add up, and the company also needs to make breakthroughs through experimentation and innovation. Tyco identifies world's best practice in other businesses to give goals, and targets at least 50% improvement per year against these benchmarks. This may involve using tools such as the Tubemakers' Continuous Improvement Process, the Customer Satisfaction Process and the Toyota Production System.

(h) Classification Structures

The parties agree to develop and implement by the end of this Agreement a competency based model for the electrical trade stream which is compatible with and complementary to the competency models for other employees covered by this Agreement.

The parties agree to develop coordination and team leadership competencies which can replace the payment of leading hand allowances when agreed.



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Schedule 4 - Wage Rates

SCHEDULE 4 - WAGES

Schedule 4A - Refer Clause 7.1

PAY STRUCTURE FOR THE JOB MODEL

Revised 15/7/99

CLASSIFICATION	MARGIN GROUP	BASIC WAGE	MARGIN	TOOL	WEEKLY AWARD	OVER AWARD	TOTAL WAGE	% OF REF LEVEL	COMPETENCY POINTS
PIPEMAKER ENTRY LEVEL	PE	-	-	-	-	-	\$626.50	82%	32
PIPEMAKER LEVEL ONE	P1	-	-	-	-	-	\$684.50	90%	64
PIPEMAKER LEVEL TWO	P2	-	-	-	-	-	\$724.70	95%	96
PIPEMAKER LEVEL THREE	P3	-	-	-	-	-	\$760.40	100%	120
PIPEMAKER LEVEL FOUR	P4	-	-	-	-	-	\$806.20	106%	144
PIPEMAKER LEVEL FIVE	P5	-	-	-	-	-	\$851.90	112%	Base
ELEC TRADESMAN	T	\$121.40	\$384.30	\$9.40	\$515.10	\$295.70	\$810.80		Base + 15 A/B
ELEC TRADESMAN GP 1	T1	\$121.40	\$398.40	\$9.40	\$529.20	\$306.80	\$836.00		Base + 30(max 24A)
ELEC TRADESMAN GP 2	T2	\$121.40	\$413.10	\$9.40	\$543.90	\$315.10	\$859.00		Base + 60(max 24A)
ELEC TRADESMAN GP 3	T3	\$121.40	\$438.80	\$9.40	\$569.60	\$334.20	\$903.80		+ 16 Core Band 2)
ENGRG EMPLOYEE LEVEL 3	C12		\$424.60		\$424.60	\$242.00	\$666.60	88%	32
ENGRG EMPLOYEE LEVEL 4	C11		\$445.50		\$445.50	\$258.10	\$703.60	93%	64
ENGRG TRADES LEVEL 1	C10		\$477.20	\$10.20	\$487.40	\$273.20	\$760.60	100%	Base
ENGRG TRADES LEVEL 2	C9		\$498.10	\$10.20	\$508.30	\$278.40	\$786.70	103%	Base + 12 A/B
ENG TRDS SPEC CL LEV 1	C8		\$518.90	\$10.20	\$529.10	\$278.70	\$807.80	106%	Base + 24 A/B
ENG TRDS SPEC CL LEV 2	C7		\$537.80	\$10.20	\$548.00	\$285.10	\$833.10	110%	Base + 36(max 24A)
ADV ENGRG TRADES LEVEL 1	C6		\$577.50	\$10.20	\$587.70	\$289.60	\$877.30	115%	Base + 48(max 24A)
ADV ENGRG TRADES LEVEL 2	C5		\$598.40	\$10.20	\$608.60	\$295.20	\$903.80	119%	Base + 60(max 24A)

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SCHEDULE 4 - WAGES
Schedule 4B - refer Clause 7.2

PAY STRUCTURE FOR THE JOB MODEL

Revised 15/7/99

CLASSIFICATION	MARGIN GROUP	BASIC WAGE	MARGIN	TOOL	WEEKLY AWARD	OVER AWARD	TOTAL WAGE	% OF REF LEVEL	COMPETENCY POINTS
PIPEMAKER ENTRY LEVEL	PE	-	-	-	-	-	\$632.80	82%	32
PIPEMAKER LEVEL ONE	P1	-	-	-	-	-	\$691.30	90%	64
PIPEMAKER LEVEL TWO	P2	-	-	-	-	-	\$731.90	95%	96
PIPEMAKER LEVEL THREE	P3	-	-	-	-	-	\$768.00	100%	120
PIPEMAKER LEVEL FOUR	P4	-	-	-	-	-	\$814.20	106%	144
PIPEMAKER LEVEL FIVE	P5	-	-	-	-	-	\$860.40	112%	
ELEC TRADESMAN	T	\$121.40	\$384.30	\$9.40	\$515.10	\$303.70	\$818.80		Base
ELEC TRADESMAN GP 1	T1	\$121.40	\$398.40	\$9.40	\$529.20	\$315.00	\$844.20		Base + 15 A/B
ELEC TRADESMAN GP 2	T2	\$121.40	\$413.10	\$9.40	\$543.90	\$323.60	\$867.50		Base + 30(max 24A)
ELEC TRADESMAN GP 3	T3	\$121.40	\$438.80	\$9.40	\$569.60	\$343.10	\$912.70		Base + 60(max 24A) + 16 Core Band 2)
ENGRG EMPLOYEE LEVEL 3	C12		\$424.60		\$424.60	\$248.70	\$673.30	88%	32
ENGRG EMPLOYEE LEVEL 4	C11		\$445.50		\$445.50	\$265.10	\$710.60	93%	64
ENGRG TRADES LEVEL 1	C10		\$477.20	\$10.20	\$487.40	\$280.70	\$768.10	100%	Base
ENGRG TRADES LEVEL 2	C9		\$498.10	\$10.20	\$508.30	\$286.20	\$794.50	103%	Base + 12 A/B
ENG TRDS SPEC CL LEV 1	C8		\$518.90	\$10.20	\$529.10	\$286.70	\$815.80	106%	Base + 24 A/B
ENG TRDS SPEC CL LEV 2	C7		\$537.80	\$10.20	\$548.00	\$293.40	\$841.40	110%	Base + 36(max 24A)
ADV ENGRG TRADES LEVEL 1	C6		\$577.50	\$10.20	\$587.70	\$298.30	\$886.00	115%	Base + 48(max 24A) Base + 60(max 24A)
ADV ENGRG TRADES LEVEL 2	C5		\$598.40	\$10.20	\$608.60	\$304.10	\$912.70	119%	+ 16 Core Band 2)

SCHEDULE 4 - WAGES
Schedule 4C - refer Clause 7.4

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PAY STRUCTURE FOR THE JOB MODEL

Revised 15/7/99

CLASSIFICATION	MARGIN GROUP	BASIC WAGE	MARGIN	TOOL	WEEKLY AWARD	OVER AWARD	TOTAL WAGE	% OF REF LEVEL	COMPETENCY POINTS
PIPEMAKER ENTRY LEVEL	PE	-	-	-	-	-	\$639.10	82%	32
PIPEMAKER LEVEL ONE	P1	-	-	-	-	-	\$698.20	90%	64
PIPEMAKER LEVEL TWO	P2	-	-	-	-	-	\$739.20	95%	96
PIPEMAKER LEVEL THREE	P3	-	-	-	-	-	\$775.70	100%	120
PIPEMAKER LEVEL FOUR	P4	-	-	-	-	-	\$822.40	106%	144
PIPEMAKER LEVEL FIVE	P5	-	-	-	-	-	\$869.00	112%	
ELEC TRADESMAN	T	\$121.40	\$384.30	\$9.40	\$515.10	\$311.80	\$826.90		Base
ELEC TRADESMAN GP 1	T1	\$121.40	\$398.40	\$9.40	\$529.20	\$323.40	\$852.60		Base + 15 A/B
ELEC TRADESMAN GP 2	T2	\$121.40	\$413.10	\$9.40	\$543.90	\$332.20	\$876.10		Base + 30(max 24A)
ELEC TRADESMAN GP 3	T3	\$121.40	\$438.80	\$9.40	\$569.60	\$352.10	\$921.70		Base + 60(max 24A) + 16 Core Band 2)
ENGRG EMPLOYEE LEVEL 3	C12		\$424.60		\$424.60	\$255.40	\$680.00	88%	32
ENGRG EMPLOYEE LEVEL 4	C11		\$445.50		\$445.50	\$272.20	\$717.70	93%	64
ENGRG TRADES LEVEL 1	C10		\$477.20	\$10.20	\$487.40	\$288.30	\$775.70	100%	Base
ENGRG TRADES LEVEL 2	C9		\$498.10	\$10.20	\$508.30	\$294.00	\$802.30	103%	Base + 12 A/B
ENG TRDS SPEC CL LEV 1	C8		\$518.90	\$10.20	\$529.10	\$294.70	\$823.80	106%	Base + 24 A/B
ENG TRDS SPEC CL LEV 2	C7		\$537.80	\$10.20	\$548.00	\$301.70	\$849.70	110%	Base + 36(max 24A)
ADV ENGRG TRADES LEVEL 1	C6		\$577.50	\$10.20	\$587.70	\$307.00	\$894.70	115%	Base + 48(max 24A)
ADV ENGRG TRADES LEVEL 2	C5		\$598.40	\$10.20	\$608.60	\$313.10	\$921.70	119%	Base + 60(max 24A) + 16 Core Band 2)

Schedule 5 - 4 Day Operation - Payment Arrangements

With the move to a 4 day operation with manufacturing operating on 4 x 12 hour shifts, and individual employees working 3 x 12 hour and 1 x 8 hour shifts per week, the following arrangements will apply for the calculation of various entitlements for those on the 4 day rosters.

For people working the 4 day rostered arrangements, ordinary hours consist of 3 x 10 hour days and 1 x 8 hour day, in a 38 hour week. Overtime would normally be worked to complete the number of hours required for normal shift operation.

To provide sufficient hours for manufacturing, this would generally provide a total of 44 hours per week in a normal production work. Some additional overtime may be required but it is the company's intention to contract out some non-core cleaning functions and to share other functions between work teams and departments to balance the overtime across the plant.

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23 Sick Leave

Entitlements to sick leave under both the Yennora Award and the Metal Industry Award provide for sick pay based on a defined number of ordinary hours. Therefore, when a person is absent on approved sick leave, their leave balance will be reduced by the number of ordinary hours they were rostered to work on that day, with sick pay being paid to them accordingly. Any overtime hours rostered on the sick day would not be worked and would not be paid. Thus, depending on the day that a person is absent, they may be paid and have their balance deducted by 8 or 10 hours as appropriate.

24 Public Holidays

There are normally 10 public holidays in a year that could occur on Mondays to Fridays. There are exceptions such as when Australia Day falls on a Sunday and a public holiday is not proclaimed on the next week day.

If each public holiday is treated as 8 ordinary hours then, in any week where there is a public holiday on a normal work day, 8 hours would be deducted from the ordinary hours required to be worked in that week to be paid the full week's pay at ordinary hours. Manufacturing is not expected to be scheduled on any public holiday so everybody would be treated the same in terms of the number of hours they will be required to work in the week to complete 38 ordinary hours for the week.

25 Annual Leave

Under existing leave arrangements, employees are entitled to 152 ordinary hours leave per year. Depending on a person's rostered arrangement, the effect may be slightly different, for example:

- People on a 19 days/4 week roster would have 19 days plus 1 unpaid RDO off per year which provides the equivalent of 152 ordinary hours.
- A person on a 20 days/4 week roster (i.e. no RDO) would take 20 days annual leave which provides the equivalent of 152 ordinary hours.
- A person working a 4 day week roster would still be entitled to 4 full weeks off which could be regarded as 20 calendar days, or 16 rostered working days and 4 unpaid RDOs which provides the equivalent of 152 ordinary hours.

Each of these arrangements yield 152 ordinary hours of paid annual leave.

Employees are reminded that annual leave is to be taken in no more than two blocks per year and there is no entitlement to take single days.

26 Overtime

Overtime is to be calculated on a weekly basis to simplify administration and provide a fair outcome for employees.

For people working the 4 day roster, an individual needs to accumulate 38 ordinary hours in a calendar week before the payment of overtime.

Calculation of ordinary hours for this purpose is the total of actual hours worked, public holidays, sick leave, or approved unpaid sick leave which has been accompanied by a doctor's certificate. Any overtime worked in a calendar week will be paid at the rate of time and one half for the first two hours and double time for all hours thereafter.

Except that time worked on Saturday, Sunday or Public Holidays will be paid at the appropriate Award penalty rates.



Schedule 6 - Best Practice and Casting Machine Utilisation

Best practice casting rates have been determined as a composite of known best performance from various overseas plants.

Effective hours is defined as the number of accept pipe produced divided by the best practice rate for that size. That is, it is as if the machine was operating at the best practice rate for that number of hours.

Planned hours is the number of hours we planned to operate the casting machine in an operating day.

Actual hours is the number of hours that the casting machine was actually making pipe. Breaks of more than 3 minutes are not included.

Casting rate is the total number of pipe cast in a machine divided by the number of actual hours for that machine.

Accept rate is the total number of accept pipes produced in a machine divided by the number of actual hours for that machine.

Reject rate is the number of reject pipes divided by the number of pipes cast.

Casting machine utilisation is the number of effective hours divided by the number of actual hours expressed as a percentage. By adding effective hours for all machines and dividing by the total planned hours for all machines we can calculate plant utilisation for a day, week, month and so on.

Utilisation is therefore a global performance measure including three key elements (3 "R"s):

- **Reliability.** By improving reliability and responding quickly to breakdowns throughout the plant, ensuring equipment breakdowns do not stop casting machines, then machines and the plant are available for the maximum amount of planned time.
- **Rate.** By increasing the casting rate, making more pipes per hour we can directly improve utilisation.

Rejects. By ensuring that the reject rate is as low as possible we maximise the utilisation achieved from a given casting rate.

For performance measuring it is convenient to assign contribution levels to each component.

At a **target utilisation level of 66%**, if we target casting machine availability of total 41 hours per 48 hour shift (4 machines x 12 hours or 3 machines x 16 hours) and set a target maximum reject rate of 7%, then we calculate target casting rates and target accept rates as follows:

- Target actual hours = 41
- Target accept rate = $\frac{48 \times 0.66}{41} \times \text{Best Practice rate} = 0.77 \times \text{Best Practice rate}$
- Target casting rate = $\frac{\text{Target accept rate}}{0.93} = 0.83 \times \text{Best Practice rate}$



Gain or Loss in effective hours due to each element can now be calculated based on these target figures:

- **Gain/loss due to reliability** = Actual hrs - 41 (for the plant)
- **Gain/loss due to rate** = $\frac{(\text{Actual cast rate} - \text{Target cast rate}) \times \text{Actual hours}}{\text{Best Practice rate}}$
- **Gain/loss due to rejects** = $\frac{(\text{Actual accept rate} - 0.93 \times \text{Actual cast rate}) \times \text{Actual hours}}{\text{Best Practice rate}}$

TARGET RATES AT 66% UTILISATION

Size	Best Practice	To achieve 66% utilisation, with 41 actual hours out of 48 and 7% reject rate we must achieve:	
	Accept Rate	Casting Rate	Accept Rate
100	52.4	43.9	40.9
150	48.0	40.3	37.4
200	41.9	35.1	32.7
225	39.3	33.0	30.7
250	39.3	33.0	30.7
300	33.5	28.1	26.1
350	30.5	25.6	23.8
375	30.5	25.6	23.8
400	30.5	25.6	23.8
450	27.1	22.7	21.1
500	21.8	18.3	17.0
600	21.8	18.3	17.0
700	17.5	14.7	13.7
750	17.5	14.7	13.7
800	17.5	14.7	13.7

