

TOP UP PAYMENT SCHEME

Top Up Payment Scheme

As there is a lower base rate with higher penalty rates in the proposed Agreement, there is a need to protect many existing employees from having the pay they currently receive reduced. This will be done using a mechanism called 'Top Up Payment'.

Why have a top up payment scheme?

As the current Agreement is structured differently with a higher base rate and lower penalty rates compared to the new Agreement which has a lower base rate and higher penalty rates the Top Up Payment Scheme will help minimise any reduction in wages that could occur if you earned more on the current Agreement than you would on the new Agreement.

How do you Qualify for Top Up?

On the date of the successful vote existing permanent employees are eligible for the Top Up Payment Scheme. Casuals at the time of the vote qualify if they have worked a shift in the last 3 months.

How is Top Up Payment calculated?

This is calculated using 'Protected Pay Rate' which is compared against the new agreement weekly earnings for each individual, using an average hourly 'Agreement Pay Rate'. If an individual's Protected Pay Rate is higher than the Agreement Pay Rate in a week, the difference will be paid as a 'Top Up Payment'.

What is the Agreement Pay Rate?

Is an hourly rate of pay set for an individual employee calculated using the new agreement rate of pay and penalties.

How is the Agreement Pay Rate calculated?

Each week the system calculates the total amount you would earn under the terms of the proposed Agreement for the hours you have worked in the week and divides this by the number of hours you

have worked to obtain an hourly average called the Agreement Pay Rate. This rate may vary each week.

What is Protected Pay Rate?

Is an hourly rate of pay set for an individual employee calculated using their existing rate of pay and penalties. It doesn't change each week.

How is Protected Pay Rate Calculated?

It is the gross amount earned over the 12 months divided by the hours worked/paid. This gives an average hourly rate of pay which is set as your Protected Pay Rate.

12 months is from when?

It is 12 months prior to the date of the successful vote. It is anticipated to be from February 2017 to February 2018. (The actual date depends on the voting process).

What if I haven't worked 12 months?

The period you have worked will be used.

What is included in calculating gross pay used for the Protected Pay Rate?

Wages, penalties, overtime, public holidays, annual leave loading and most paid leave.

Flex up loading for Part timers will be included.

Casual loading for casuals will also be included in their calculation.

Are allowances included?

In charge allowance, district allowance, location allowance and laundry allowance are included for calculation of Gross pay for Protected Pay Rate. No allowances will be included in the wage calculation under the Agreement Pay Rate, they will be paid as a separate item.

What is not included in calculating gross pay?

Any unpaid leave taken, paid parental leave or paid emergency services leave

What are Hours worked/paid?

These are hours that were worked or paid for in making up the Gross pay calculation. Eg annual leave, paid personal leave are paid hours (but are not worked)

A simple example:

Emily's protected rate of pay is \$26.30 an hour.

Under the new agreement she works one week of 20 hours and would receive \$500. Her Top Up is \$26 as her Protected Pay Rate would give her 20 x \$26.30= \$526.

In the following week Emily works 20 hours again but under the new agreement she would receive \$550. No top up payment would be made in this week as \$550 is higher than \$526.

Examples on how to calculate Protected Pay Rate:

It has two parts for the calculation which are:

1. Hours worked/paid and
2. Gross Pay.

Full time Example

1. Hours Worked/Paid in 12 months

152hrs over 4 weeks for 48 weeks of the year.
(Includes 20 days paid sick leave taken, 5 days not worked that were Public holiday)

Add 4 weeks annual leave (152 hours)

Less 2 days unpaid leave of absence: 7 hrs and 10 hrs (17 hours)

Hours worked/Paid 52 weeks x 38 hrs = 1976,
less 17 hours unpaid = 1959 for 12 months

2. Gross Pay

Includes all hours worked, paid sick leave, 5 Public Holidays not worked and penalty rate for 6 days worked, annual leave and annual leave loading.

Total gross earned \$47,312.00

Calculation Gross wage ÷ Hours
\$47312 ÷ 1959= \$24.15 per hour.

\$24.15 would be the protected rate of pay.

Part Time Example

1. Hours Worked/Paid in 12 months

40 hrs over 4 weeks for 50 weeks of the year.

(Includes 3 days paid sick leave taken, 2 days not worked that were Public holiday)

Add 20 hours annual leave (2 weeks)

Hours worked/Paid 50 weeks x 10 hrs = 500
plus annual leave = **520 hours** for 12 months

2. Gross Pay

Includes all hours worked, paid sick leave, 2 Public Holidays not worked and penalty rate for 2 days worked, annual leave and annual leave loading.

Total gross earned \$12,818.00

Calculation Gross wage ÷ Hours
\$12818 ÷ 520= \$24.65 per hour.

\$24.65 would be the protected rate of pay.

Casual Example

1. Hours Worked/Paid in 12 months

3 hours for 20 weeks, 30 hours for 3 weeks. No hours in other weeks

Hours worked/Paid 20 x 3 hrs plus 3 x 30 =
150 hours for 12 months

2. Gross Pay

Includes all hours worked, no public holidays.

Total gross earned \$4,215.00

Calculation Gross wage ÷ Hours
\$4215 ÷ 150= \$28.10 per hour.

\$28.10 would be the protected rate of pay.

TOP UP PAYMENT SCHEME**What if I earn more on the new Agreement in a week than what my Protected Pay Rate provides?**

You will be paid the Agreement rate for that week. The Top Up Payment will be paid in any week where your Protected Pay Rate is higher.

My hours vary each week?

Your Protected Pay Rate is an hourly rate, so it is multiplied by the number of hours you work in any week.

What happens to my Protected Pay Rate if....?

Things can change such a changing classification or rosters.

Below is a table that shows what will happen to your Protected Pay Rate.

Circumstance	Initiated by team member	Initiated by Coles
Change to a higher classification	Continues	Continues
Change to a lower classification	Discontinues	Continues
Change from part time to full time or vice versa	Continues	Continues
Change from full time or part time to casual or vice versa	Continues	Continues
Change of roster	Continues	Continues
Change of store	Continues	Continues
Termination of employment	Discontinues	Discontinues
Casual team member who works no shift in a 3 month period	Discontinues	Discontinues

If I convert to casual from permanent employment or vice versa what happens?

Your protected rate of pay would need to be adjusted to account for the casual loading.

Casual to Permanent

Protected Pay Rate/1.25

Permanent to casual

Protected Pay Rate x 1.25

Does my Protected Pay Rate increase?

When there is an annual wage increase, 50% of this will be applied to your Protected Pay Rate. Annual wage increases are expected to occur in July each year

Eg Annual wage increase of 3.5% - Protected Pay Rate will increase by 1.75%

TOP UP PAYMENT SCHEME

Will I be replaced by a cheaper employee to save money for the store?

The top up payment scheme will be administered centrally so your store has no influence over it. The top up payments do not come out of the store budget or affect any managerial bonus.

What happens to someone employed a week after the successful vote?

This employee would receive the existing rates of pay. When the proposed Agreement is approved then they would move onto the rates and penalties in that. This applies to anyone employed after the successful vote date.

Do I have to calculate my Protected Pay Rate ?

No. Coles will do the calculation for you and can provide you all the details of your hours worked, penalties, overtime etc so you can check these.

What if there is some items missing from the calculation?

If you think something hasn't been included in the calculation eg in charge allowance, then contact the Workplace Support Team in the first instance. A hotline phone number will be provided in March 2018.

What if I am unsure if the calculation is correct?

Contact the Workplace Support Team who can help check the calculation. A hotline phone number will be provided in March 2018.

What if there is an issue on the calculation of protected pay or top up pay and I can't get a proper answer on?

If a matter cannot be resolved, or it is something unusual that particular effects your calculations, Coles and the SDA have agreed to have a joint committee to examine such matters with the aim to reach a resolution that all agree on.

Will the top up payment apply to me as I only work in penalty times?

All employees will have a Protected Pay Rate calculated. It may at this time not be used for a top up payment, but if you work a different roster in the future then it is there to ensure you will not be worse off than under your protected rate set from the current 2011 Agreement.

I am on a junior rate how does this apply to me?

Your protected rate of pay will be calculated on your gross pay earned like everyone else. If you had a birthday during the period used for calculating your Protected Pay Rate, then only the time when you were on the higher junior % or adult rate will be used. This means the higher junior percentage will set your Protected Pay Rate. Your new agreement earnings will also have the appropriate agreement junior % applied to it.

I have been on unpaid leave for an extended period of time, how will my protected rate of pay be worked out?

The last time you worked for 3 months will be used. If you have not worked in the last 12 months due to leave then the system will look backwards and use a period 3 months before that leave. Please check with Workplace Support Team.

I am on extended Parental leave and have been off work for more than 12 months, how will my protected rate of pay be calculated?

Your contracted hours will be used to calculate the rate or the last 3 months you worked.

I am on Workcover what happens

You will still be eligible for a Protected Pay Rate.

If you have worked less than 3 months in the last 12 months, Coles will determine your Protected Pay Rate on the last 3 month consecutive period.

From the Proposed Agreement: APPENDIX D -TOP UP PAYMENT SCHEME

D1. Example calculations

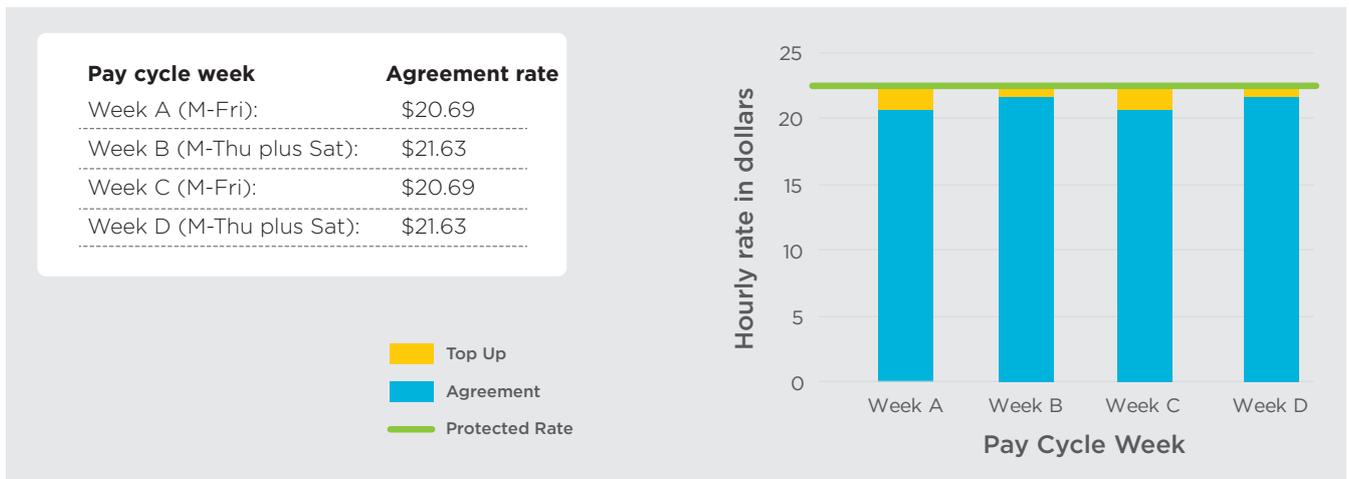
D1.1 The following are examples of how the Top Up Payment Scheme referred to in clause 5.3 works in practice with a number of typical rosters and circumstances:

D1.2 Example A - Peter – full-time team member

Peter has for the past year worked 7am – 3pm Monday to Thursday one week and 7am – 3pm Monday to Thursday, 6:30am – 3pm Friday the next, due to him having school age children. His partner drops them off at school and he picks them up. He also works 2 out of 4 Saturdays from 11am till 8pm.

During the 12 months before the new Agreement commenced he worked 1900 hours and took 76 hours of annual leave for a total 1976 hours earning him \$43,625.35. The 2 weeks of annual leave is included in the calculation. This gives him a protected rate of \$22.08.

Peter continues to work the same shifts after the commencement of this Agreement, and asks that he continue to receive two consecutive days off per fortnight as that suits his personal circumstances. In an example 4 week cycle he earns the following Agreement rates



In each of these examples, as Peter predominantly works at times where no penalties are payable, he earns less under this Agreement than he would have previously. He therefore benefits from a top up that brings him up to the higher average hourly rate that he was paid prior to the successful vote on this Agreement:

Applying this to the 38 hours that he worked each week his pay is topped up each pay cycle week by the following amounts in addition to his pay under this Agreement:

Pay cycle week	Amount
Week A	$$(22.08-20.69) \times 38 = \52.82
Week B	$$(22.08-21.63) \times 38 = \17.10
Week C	$$(22.08-20.69) \times 38 = \52.82
Week D	$$(22.08-21.63) \times 38 = \17.10

TOP UP PAYMENT SCHEME

Approximately 6 months after the commencement of this Agreement Peter becomes unwell and takes 4 weeks off. The first 3 of these are paid sick leave but for the 4th week he has exhausted his sick leave and has no other leave entitlements available. He returns to work on the Thursday and Saturday of that week. This results in the following Agreement rates:



In weeks A-C the Agreement rate is lower than the Protected rate and Peter received a top up. In week D, the days that Peter was on unpaid sick leave are excluded from the calculation of the Agreement rate, and the average Agreement rate that he earned for the 15.5 hours that he worked is more than the protected rate. No top up is therefore payable in that week.

Applying this to the eligible hours in each week his pay is topped up each pay cycle week by the following amounts in addition to his pay under this agreement;

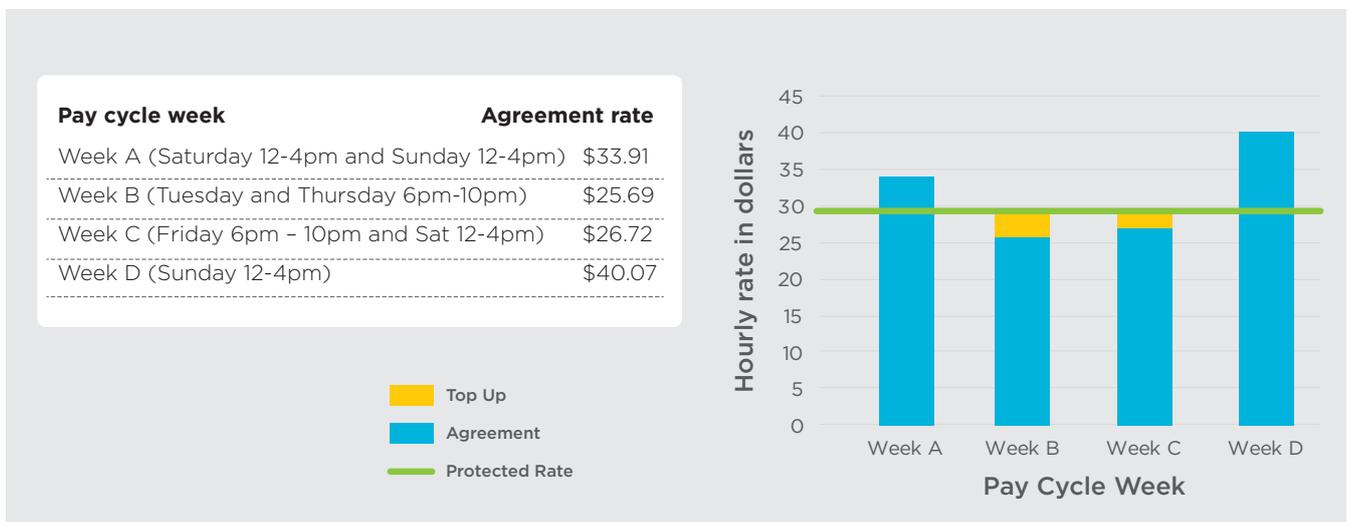
Pay cycle week	Amount
Week A	$$(22.08 - 20.55) \times 38 = \58.14
Week B	$$(22.08 - 20.55) \times 38 = \58.14
Week C	$$(22.08 - 20.55) \times 38 = \58.14
Week D	Nil

D1.3 Example B – Jane - Casual team member

Jane is currently studying at University and has been working on a casual contract of employment for Coles for the past 2 years, mostly working weekends and some evenings during the week. At Christmas she has generally picked up more hours.

Over the last year she worked 520 hours in total, and her gross pay including penalties was \$15,349.20. This gives her a protected rate of \$29.52, including casual loading.

Jane continues to work predominantly weekends and evenings as she continues with her study and she earns the following Agreement rates in an example 4 week cycle, again including casual loading;



In these examples, as Jane is working both at times where she benefits from enhanced penalties under this Agreement and at times when she does not, she sometimes earns more and sometimes less under this Agreement than she would have previously. When she earns less she benefits from a top up that brings her up to the higher average hourly rate that she was paid prior to the successful vote on this Agreement:

Applying this to the hours that she worked each week her pay is topped up each pay cycle week by the following amounts in addition to her pay under this Agreement:

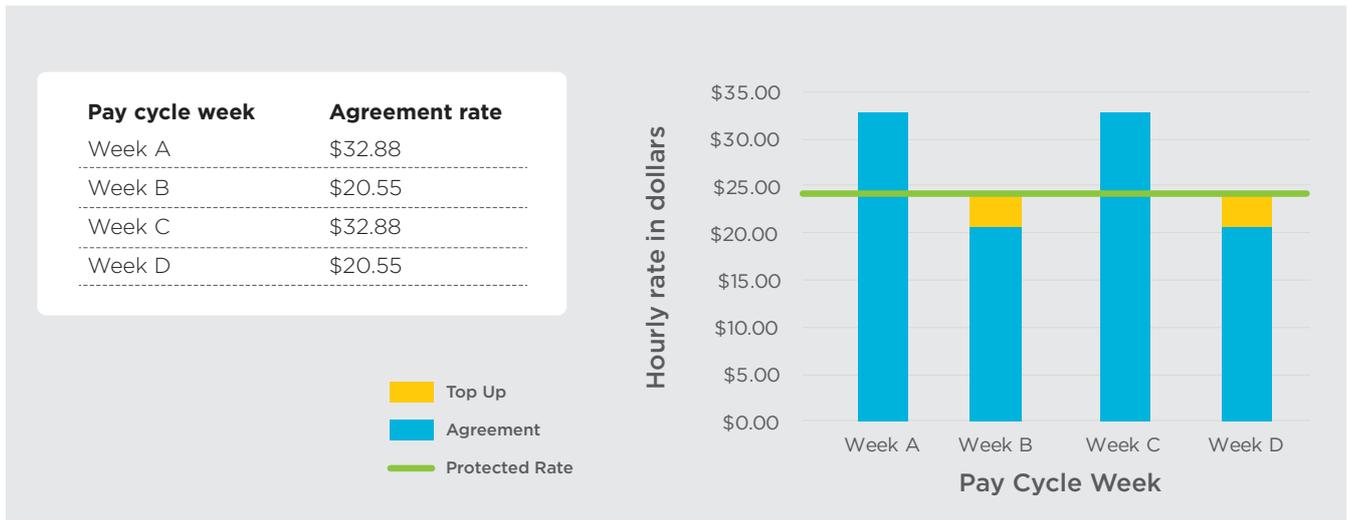
Pay cycle week	Amount
Week A	Nil
Week B	$$(29.52-25.69) \times 8 = \30.64
Week C	$$(29.52-26.72) \times 8 = \22.40
Week D	Nil

D1.4 Example C – Sam – P/T employee 16 hours

Sam has custody of her children on an alternating week with her ex-partner, with the swap over being on a Saturday morning. Sam therefore works quite different rosters on alternate weeks. In week A the children are with the ex-partner and Sam works Saturday and Sunday 12-8:30pm. In week B the children are with her and she works during school hours Tuesday – Friday 11am – 3pm. Then in weeks C and D this pattern repeats.

During the 12 months before the new Agreement commenced Sam took a 3 month leave of absence. This is not included in the calculation. In the remaining 9 months that she worked she worked 624 hours and earned \$15,351 including penalties. This gives her a protected rate of \$24.60.

Because of the changing times that she works, sometimes Sam benefits from the higher penalty rates that are payable under this Agreement compared to what was in place before and sometimes she does not. This means that she earns the following agreement rates in an example 4 week cycle;



Applying this to the hours that she worked each week her pay is topped up each pay cycle week by the following amounts in addition to his pay under this Agreement:

Pay cycle week	Amount
Week A	Nil
Week B	$$(24.60-20.55) \times 16 = \64.80
Week C	Nil
Week D	$$(24.60-20.55) \times 16 = \64.80

Sam is also one of the store’s first aiders. This allowance is not factored in the Top Up Payment Scheme and is paid outside of that as part of her pay under this Agreement.