# Case study

# Making an enterprise agreement

The case study shows how a small business and its employees can tailor pay and conditions to meet the needs of their workplace by making an enterprise agreement.

### Amrik’s Mowers

Amrik, a small business owner, runs a popular lawn mower store. He has recently expanded his business to also offer gardening services.

After speaking with his accountant Jane, Amrik learns that his business is now covered by two different awards — the General Retail Industry Award for store employees, and the Gardening and Landscaping Services Award for gardening employees. Amrik finds applying entitlements from the two different awards challenging, particularly because he would like to allow employees to work across both sides of the business. Amrik’s gardening employees have great industry knowledge that could help his retail customers and two of his store employees want to gain new skills.

### Tailoring terms and conditions

Jane suggests Amrik and his employees may benefit from making a single enterprise agreement that covers both store and gardening employees. This would give Amrik and his employees the ability to discuss and agree on terms and conditions that suit their unique workplace, and provide opportunities and certainty for everyone.

### Starting bargaining

After reading the information on the Fair Work Commission’s website, Amrik agrees this is a good idea. He tells his employees at their weekly staff meeting and then takes formal steps to notify his employees that bargaining has started. Amrik provides his employees with a Notice of employee representational rights, which lets employees know they can nominate someone to represent them during bargaining.

Two employees nominate a co-worker as their representative, another nominates herself. The union members are represented by their union. Amrik appoints Jane as another employer representative. Together, these employer and employee representatives form the bargaining committee.

Amrik and the bargaining committee use the free resources on the Commission’s website to guide them through the three stages of the bargaining process.

### Stage 1: Prepare

In this stage the bargaining committee:

* meets with the people they represent, to understand their interests, ideas and concerns
* gathers information to inform discussions
* develops their own lists of topics to discuss at the bargaining table.

The bargaining committee then meets to discuss the plan for bargaining, including:

* where, when and how often the committee will meet
* the list of topics or issues both sides want to address during bargaining
* how they will set meeting agendas, share notes and update staff.

### Stage 2: Negotiate

The bargaining committee then meets and works through each topic for discussion. They listen to each other and share information and justification to support their points of view. When they don’t agree, they respectfully ask questions and genuinely consider each other’s proposals and give reasons for their responses. They also take breaks and speak to the people they represent to get their feedback and endorsement about the proposed agreement terms.

After several meetings, the bargaining committee settle the terms of the proposed enterprise agreement and it is ready to be put to a vote by employees.

### Vote and approve

After reviewing the information on the Commission’s website, Amrik and Jane take formal steps to make sure all employees:

* have access to the proposed enterprise agreement
* understand the enterprise agreement’s terms and their impact
* know when, where and how the vote will take place.

A majority of employees vote to approve the enterprise agreement.

Amrik then lodges the enterprise agreement with the Commission for approval. The Commission checks the enterprise agreement meets all requirements and approves the agreement, which comes into operation seven days later.

### Stage 3: Implement

Once the enterprise agreement is approved, Amrik and Jane speak with the business’s payroll company to explain the changes to pay and entitlements under the agreement and when they take effect. Amrik also asks the bargaining committee to work with him to implement the new enterprise agreement.

The bargaining committee and Amrik work together to:

* draft a joint email to staff about key changes and when the new pay rates and entitlements start
* update relevant policies
* develop a process for staff to apply for new entitlements, including the equipment allowance that was negotiated.

### Outcome

Although the bargaining process has taken some time and effort, Amrik believes that the new enterprise agreement provides terms and conditions that suit his needs and those of his employees and will allow his business to continue to grow.

For videos and related resources about making enterprise agreements, please visit the Commission’s Online Learning Portal.

The information contained in this document is general in nature and accurate at the time of preparation. If you are unsure about how it applies to your situation, please refer to the Commission’s website or speak with a union, industry association or a workplace relations professional. Last updated: 17 October 2024.