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Subject: EBA Staff Update from Jack Matthews, CEO Metro Media

Colleagues

As you would be aware, management and the MEAA have been meeting over the past few months to negotiate a new Metro Enterprise Bargaining Agreement (EBA).

As we approach the July 1 nominal expiry date for the current agreement, I'd like to bring you up to date on negotiations.

There has been productive, thoughtful and robust discussion on all issues. We have met nine times; each meeting has lasted for several hours. Both parties have dedicated significant time and effort to these discussions.

Much progress has been made, but there are some fundamental areas of difference.

Our offer has been structured against the background of the difficult current trading conditions faced by the metropolitan mastheads and the industry in general.

The company has authorised the MEAA to have report back meetings to members this afternoon at 4pm to 4.30pm

Wages

The company has made a fair and reasonable wages offer (see table below) which would:

1. Deliver guaranteed pay rises to all staff.
2. Deliver faster wages growth for the lowest paid.
3. End the wages threshold cap.
4. Enable high performers to gain greater rewards.
5. Enshrine a more open and transparent merit based process.

The metropolitan media group is seeking to embed a meritocracy. It wishes to encourage and foster a high performance culture.

We remain convinced that a merit pool is a fundamental element of such a culture.

During the negotiations, Fairfax has proposed a number of alternative ways to distribute the wages offer over 3 years. We have also proposed an allocation which would see all staff receive a guaranteed increase while still maintaining a merit pool.

This is a significant change from the current situation whereby lower grades do not have accelerated annual progression – and the higher paid do not have any automatic increases.

Proposed wage deal (excluding Newcastle and Illawarra)

Grades	Year 1		Year 2		Year 3	
	Auto	Merit	Auto	Merit	Auto	Merit
Cadet - Grade 3	2.5%	-	2.5%	-	2.5%	-
It is proposed that cadet to grade 3 have accelerated progression after 12 months subject to satisfactory performance.						
Grade 4 - Grade 10 (<\$150K*)	2.5%	0.5%	2.5%	1%	2.5%	1%
Grade 10 >\$150K*	2%	1%	1.5%	2%	1.5%	2%

* \$150k is the proposed threshold cap and is the total package value (TPV)

Coverage

The MEAA has sought to extend the EBA to cover several new mastheads, sites and categories of staff. The company believes this is not the best approach.

But we have agreed to bargain on these matters.

The company wants the EBA to reflect the new alignment of the company's regional and metro mastheads into different groups.

We have expressed a willingness to discuss the inclusion of Federal Capital Press and Fairfax Digital editorial staff into the Metro agreement.

But we wish to move Newcastle and Illawarra into a separate agreement.

The MEAA have also sought to cover advertising writers at Illawarra and Canberra and editorial assistants in Sydney. These people do valuable work but are not in the company's view carrying out jobs which need to be covered by an editorial EBA.

We will bargain with them separately at the local levels.

Other Metro Agreement substantial matters

Consultation – The Company has proposed using the model clause provided by the Fair Work Act. The MEAA are seeking to take this further than Fair Work Australia proposes. The Company is committed to consultation and will have regular forums with staff to discuss the issues facing the industry and the business.

Training - The Company is committed to training its staff to meet the needs of journalism in all of its forms. As part of its ongoing commitment to consultation, the Company will set up an annual training forum to assist in the development of editorial training needs.

Equipment - The Company recognises the changing media landscape and the different technology needs associated with employees doing editorial work. On this basis, the Company will assess the

needs of employees regarding relevant tools of trade or other relevant portable devices and provide the appropriate equipment where necessary.

Disputes procedure - The Company proposes to retain the existing clause in the current EBA and be clear that a dispute can cover any matter under the agreement or the National Employment Standards, but does not apply to a dispute relating to flexible working arrangements or extensions of parental leave. The Fair Work Act already provides a process to deal with these matters.

Flexibility clause – The Company and MEAA are close to agreeing on the approach in which individual flexibility arrangements can be made.

Conclusion

We understand the need to resolve these negotiations in a timely manner in order to continue with our plans to transform the Metro division and build a sustainable future. Our proposal is designed to achieve that.

In the current economic environment I believe our proposal is both fair and reasonable.

It is worthy of your consideration.

Of course, we remain prepared to continue our discussions with the MEAA in an effort to come to an acceptable agreement. We are meeting with the union again on Thursday.

I will keep you up to date as circumstances develop.

Jack Matthews

CEO Metro Media

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