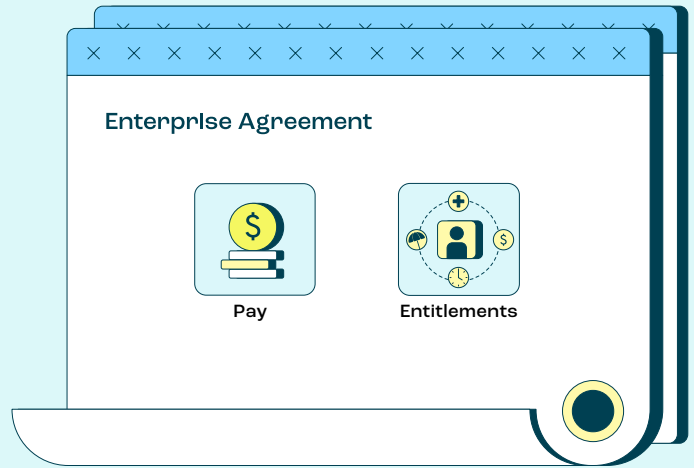


Understanding enterprise agreements



Employers and employees can tailor pay and entitlements to suit their workplace by making an enterprise agreement.

What is an enterprise agreement?

An enterprise agreement is a legal document that sets pay and entitlements for employees. It covers one or more employers and some or all of their employees.

Once made and approved by the Fair Work Commission, an enterprise agreement replaces any awards or previous agreements that would otherwise apply.

Why make an enterprise agreement?

Making an enterprise agreement can allow employers and employees to:

- create terms and conditions that suit the unique context and interests of their workplace
- simplify or clarify award terms
- provide certainty around pay and entitlements, and
- foster a more collaborative workplace culture.

How is an enterprise agreement made?

The process for making an enterprise agreement is called enterprise bargaining.

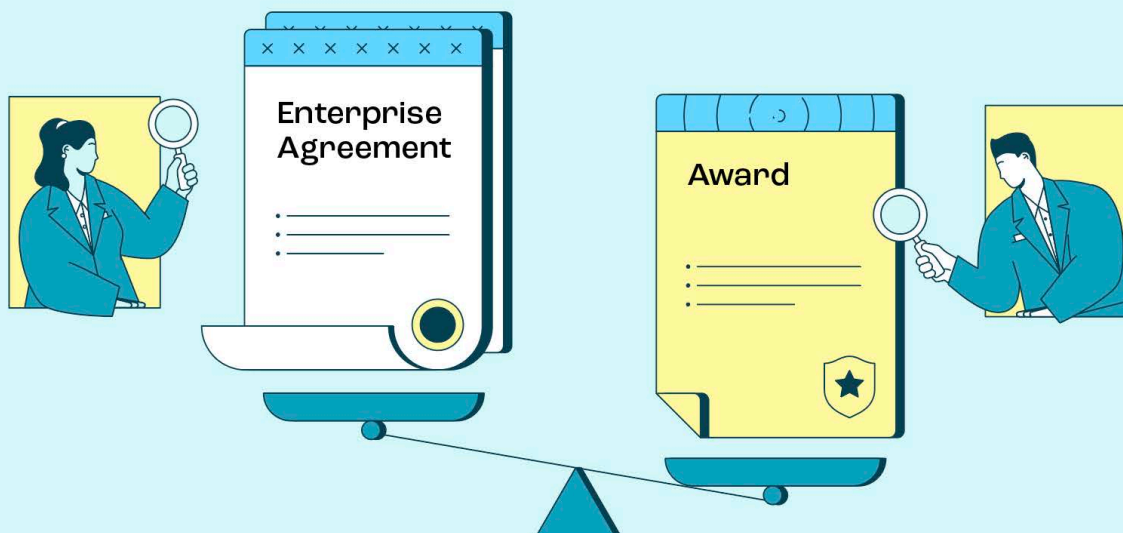
It is usually done by a bargaining committee of employer and employee representatives, who negotiate terms and conditions like leave, allowances, hours of work and pay.

Once the terms of the enterprise agreement are settled by the bargaining committee, it must be voted on by employees. Before the vote, employers must take steps to:

- give employees access to the enterprise agreement
- explain the terms of the enterprise agreement and their impact, and
- tell employees when, where and how the vote will take place.

If the majority of employees vote to approve the agreement, the vote passes.

Learn more about the bargaining process on the Commission's [Agreement-making page](#).



How is an enterprise agreement approved?

After a vote, the enterprise agreement then needs to be lodged with the Commission for approval.

Before approving it, the Commission will check that:

- the employer has taken the required formal steps in bargaining
- the employees have genuinely agreed to the enterprise agreement
- the enterprise agreement contains all mandatory terms
- the employees are better off overall under the enterprise agreement than under any relevant awards.

If these requirements are met, the Commission approves the enterprise agreement.

When does an enterprise agreement come into effect?

The enterprise agreement comes into effect seven days after the Commission approves it, unless it specifies a later date.

Enterprise agreements have a nominal expiry date, but they continue to apply until they're replaced by a new enterprise agreement or terminated by the Commission.

Are enterprise agreements enforceable?

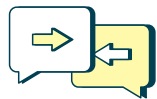
Enterprise agreements are legally enforceable documents. Employers should make sure payroll systems and other processes are fit for purpose to help them comply with the enterprise agreement's terms.

Failing to comply with an enterprise agreement can have a range of consequences, like investigations, court proceedings or serious financial penalties.

Who can help?

The **Fair Work Commission** is the national workplace relations tribunal and registered organisations regulator.

It has a range of roles in relation to bargaining and agreement-making, including:



providing support for enterprise bargaining



assisting with a bargaining dispute



facilitating parties taking an interest-based approach through the [Collaborative Approaches Program](#)



approving enterprise agreements



dealing with applications about industrial action



helping to resolve disputes about a term under an enterprise agreement.



Fair Work Commission

For more, visit: www.fwc.gov.au



For videos and related resources, visit the Commission's [Online Learning Portal](#) at learn.fwc.gov.au

The **Fair Work Ombudsman** is the national workplace regulator.

It has a number of roles in relation to enterprise agreements, including:



providing advice on pay and conditions in an enterprise agreement



assisting parties to resolve disputes about entitlements in their enterprise agreement



recovering underpayments and guiding parties to compliance with their enterprise agreement



taking action to enforce compliance with an enterprise agreement, where required.



Fair Work OMBUDSMAN

For more, visit: www.fairwork.gov.au

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: October 2024.