

1.4: GENERAL WORKERS UNION COLLECTIVE WORKPLACE AGREEMENT
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Summary of Key Points	: General Workers Collective Agreement for General Staff
Proponent	: City of Albany
Attachment:	: Spreadsheet regarding comparable salaries.
Responsible Officer	: Chief Executive Officer (F James)

IN BRIEF

- Negotiations for a new General Workers Union Collective Workplace Agreement have not been successful to date.
- Accordingly, the current 2007 Agreement remains in effect.
- The City has commenced formal “bargaining” under the *Fair Work Act 2009*.
- The Australian Services Union (ASU) and its members previously sought conditions equal to the City of Albany’s Outside Workers Union Collective Workplace Agreement 2011.
- The Outside Workers Union Collective Workplace Agreement 2011 and Employee Collective (Day Care) Agreement 2011 endorsed by Council in late 2010 provide very generous staff benefits which are difficult to justify in the difficult economic climate and the financial constraints many ratepayers and the City are facing.

ITEM 1.4: RESPONSIBLE OFFICER RECOMMENDATION VOTING REQUIREMENT: SIMPLE MAJORITY

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| <ol style="list-style-type: none"> 1. THAT Council ENDORSE the CEO continuing to negotiate a new General Workers Union Collective Agreement under formal bargaining arrangements with conditions less generous than those stated in the Outside Workers Union Collective Workplace Agreement 2011 and appropriate for the current economic conditions. 2. Subject to any resolution under formal bargaining processes, that in accordance with clause 15.1.5 of the General Workers Union Collective Workplace Agreement 2007 Council ENDORSE a wage increase of 2.8% for staff employed under the General Workers Union Collective Workplace Agreement 2007 in the 2011-12 financial year. |
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RESPONSIBLE OFFICER:

BACKGROUND

1. The City of Albany currently operates under three Employee Collective Agreements, namely the Outside Workers Union Collective Workplace Agreement 2011, Employee Collective (Day Care) Agreement 2011 and the General Workers Union Collective Workplace Agreement 2007.
2. The General Workers 2007 Agreement has a nominal expiry date of 30 June 2010, but continues to operate until replaced or terminated by a new Agreement.
3. The General Workers Agreement negotiations relating to changes in pay rates and other conditions have been undertaken between the (ASU), the City of Albany CEO and staff.
4. While several new terms and conditions were tentatively agreed recently between the parties, there were some terms and conditions on which agreement could not be reached.
5. On 26 July 2011 staff voted to not accept conditions proposed by the CEO.

DISCUSSION

6. When the CEO commenced employment, one of the matters the Council requested be promptly addressed was reopening the negotiations with staff on forming a new Collective Agreement.
7. In the first meeting with employee representatives the CEO advised them:
 - The City needed time to collect and compare comparative salary levels as this work had not previously been done. This work has now been done and shows that with the salary offers made to staff as part of the proposed Agreement conditions, the great majority would have been paid salaries greater than an average salary calculated across eight different entities.
 - That while prior negotiations were acknowledged, the City required compromise from staff to ensure use of ratepayers funds was fairly balanced against equitable terms and conditions of employment for staff.
8. Under the current 2007 Agreement, the ASU and employees committed to assisting the City to provide services that are responsive to the community needs and aspirations, are competitive in terms of delivery, availability and costs and lead to increased effectiveness and productivity.
9. That Agreement further states it represents the mechanism by which the City will create an organisation capable of achieving these aims, and that there is acknowledgement that change will be an ongoing process for the City. Resourcing such change will be within the logistical and financial capabilities of the City.

10. On 26 July 2011 the following terms and conditions for a new Agreement were unresolved:
1. The City's co-contributions to superannuation, above the superannuation guarantee contribution
 2. Core business hours and period for lunchbreak
 3. The amount of paid compassionate Leave
 4. The City's offer of introducing parental leave
 5. The conversion of one weeks annual leave for three Environmental Health Officers into remuneration.
 6. What constitutes reasonable unpaid overtime by staff designated as Manager.
 7. The City's ability to require staff to take leave over the Christmas and New Year "quiet period".
 8. Matters relating to the relationship between the City and the ASU.
11. Co-contributions by the City of Albany to employee superannuation funds is a benefit approximately 45 employees covered by the City of Albany General Workers Union Collective Workplace Agreement 2007 currently have, with those employees being entitled to contribute up to 5% of their pre tax salary to their fund, matched by additional contributions by the City.
12. For the 2010/2011 financial year, the City of Albany contributed just over \$100,000 as co-contribution superannuation payments across a range of 45 employees, but mostly for staff who are at the higher classification levels. Of those employees covered by the General Workers Union Collective Workplace Agreement 2007 and contributing to this scheme, only 12 were at Level 4, or below (the lower paid levels).
13. The City's contributions on those employees' behalf are in addition to the 9% government compulsory contribution. This 9% contribution amounts to approximately \$819,000 for employees under the General Workers Union Collective Workplace Agreement.
14. Under the proposed new Agreement, to ensure no financial disadvantage to employees already taking the benefit of this condition, the City agreed to continue such co-contributions for those employees that are already members of this scheme.
15. However, the City wished to restrict co contributions for new employees and those existing employees that have chosen not to contribute to the scheme to date. The ASU and staff rejected this proposal.
16. The City of Albany's financial position cannot sustain an expansion of such generous co-contribution schemes, particularly given the number of employees covered by the General Workers Union Collective Workplace Agreement 2007 is almost 65% (FTE) of the City's entire workforce, and are the highest paid workers.

17. Between 2009-10 and 2010-11 there was an increase in superannuation co contributions of 59%. Each 10% increase in co contributions costs approximately \$18,700. Continuation of the trend established between 2009-10 and 2010-11 would incur approximately an additional \$110,000 per year.
18. Given the desire by the City to move to an increased customer service focus, the City wished to change the hours employees commence and finish work. The City believed this offered reasonable flexibility for employees, while balancing improved customer service. The City wishes to have employees commence work before 9am and not leave work before 4.30pm. These conditions contrast to the existing conditions of commencing work at a time of up to 9.30am and a finishing time as early as 3pm. The ASU and staff rejected this proposal.
19. Given the desire by the City to move to an increased customer service focus, the City also wished to change the proposed hours for taking lunch to between 11.30am and 1.30pm. The City believed this also offered reasonable flexibility for employee's lunch break period, while balancing improving customer service. These conditions contrast to the existing conditions of lunch breaks between 11.30am and 2pm. The ASU and staff also rejected this proposal.
20. The ASU and staff were also not prepared to compromise on compassionate leave benefits. The current 2007 Agreement provides employees with two paid days of compassionate leave per occasion and two additional days of paid leave for undertaking travel to the funeral of an immediate family or household member held at a place located outside the Great Southern Region.
21. The City paid \$8,472 in the 2010-11 financial year for compassionate leave to employees covered by the General Workers Union Collective Workplace Agreement 2007.
22. Of the 16 employees covered by the General Workers Union Collective Workplace Agreement 2007 who took such leave in the 2010-11 financial year, only four took leave longer than two days.
23. Given the *Fair Work Act* provides for only two days paid compassionate leave, with no allowance for travel time, and considering the history of usage of this leave, the City believed its offer of two days paid leave and two days unpaid leave for travel, was reasonable. The ASU and staff rejected this proposal.
24. In line with current societal expectations and to encourage employee retention and family equity, the City was prepared to provide paid parental leave above and beyond that offered by the Federal government scheme.
25. 234 employees would technically have had the benefit of such leave under a new General Workers Union Collective Workplace Agreement. Of those 234, 182 are less than 40 years of age and therefore more likely to use this benefit.

26. Despite the City's wish to attract and retain valued employees, and support young working families, on recommendation of the ASU, the staff rejected paid parental leave in favour of retaining other existing benefits.
27. In respect of annual leave for Environmental Health Officers, those three officers have historically been provided with an additional week of annual leave. In an effort to ensure equitable benefits across all employees and implement consistent employee leave entitlements and practices across the City, the City proposed that the three currently employed Environmental Health Officers be paid additional salary to the amount of one weeks wages plus the 17.5% loading (to ensure they are not financially disadvantaged by any change) in exchange for accepting the same annual leave conditions as all other employees.
28. Further, the Agreement enables all employees to "purchase" additional leave, and so those Environmental Health Officers who wish for an extra week of additional leave could apply for this benefit, again ensuring consistency of practice across the whole of the City. This compromise was also rejected by the ASU and staff.
29. In addition to the above, the City had agreed to provide to employees the following benefits:
1. Increased salary of \$418,000 for the 2011-12 financial year.
 2. An extra "festive day" leave amounting to \$35,000 in exchange for the ability to reduce staffing over this time.
 3. An increase in the "on call allowance" from \$40 to \$47 per occasion.
 4. An increase in the "on call meal allowance" from \$10 to \$12 per meal.
30. The City was also prepared to include in a new General Workers Union Collective Workplace Agreement a clause to the effect :
1. *Union Information.*

At engagement, the City will provide to each Employee information about joining the Australian Services Union including any application for membership form the Australian Services Union provides to the City.
 2.
 - (a) *Subject to prior approval of the City, all meetings held on site for the purpose of employees discussion and participating in the following matters shall be paid:*
 - (i) *Enterprise Bargaining;*
 - (ii) *Occupational Safety and Health; and*
 - (iii) *Employee Consultative Committees*
 - (b) *Any Union delegate elected by employees, for the purposes of representing employees in relation to Industrial Relations, Occupational Safety and Health, Superannuation and Enterprise Bargaining shall be given reasonable **unpaid** time and access to employees to ensure proper representation, assistance in the resolution of disputes and reporting back to the employees on all relevant issues.*

31. However, the ASU officer insisted that clause 2(b) should provide **paid** time to delegates to enable them to provide representation to union members.
32. The CEO advised the ASU industrial officer during these negotiations that it was inappropriate for ratepayers' funds to be applied to supporting union delegates in their union work, and that the union should be paying for such activity from union membership fees.
33. Given the significant further global economic downturn, the "slow" economy regionally and rising household living costs prices generally (with many ratepayers doing it "tough") it is unrealistic for the ASU and staff to expect significant increases in employee benefits without the City of Albany receiving in return increases in productivity and service quality, and staff compromising to provide beneficial return to the City for its investment in staff.
34. The further recent economic downturn over the last month, affecting all economies across the globe, with the threat of recession and or prolonged slow economic growth confirms that there is not, at this time, the healthy economic environment for significant increases in employee benefits without some economic, and increased quality service, return to the City of Albany and its ratepayers.

PUBLIC CONSULTATION / ENGAGEMENT

35. Not applicable.

GOVERNMENT CONSULTATION

36. Not applicable.

STATUTORY IMPLICATIONS

37. Under section 5.23(2)(a) of the *Local Government Act 1995* Council meetings, where matters affecting employees are to be considered, may be closed to the public.

FINANCIAL IMPLICATIONS

38. While under the current Agreement (clause 15.1.3) the City has an obligation to increase staff wage rates by 2.8%, an increase somewhat higher than that which can be accommodated within the budget if there is also some converse reduction in other employee benefits.
39. The most recent economic crisis raises concerns about the City's capacity to realise its anticipated revenue as detailed in the budget. As economic conditions "tighten" and housing market activity declines, this may affect the City's realisation of Cull Road subdivision lots.
40. Discretionary spending by residents on the Arts, leisure and sport and community activities delivery may also be affected. The net result could significantly affect the City's anticipated revenue.

41. With total salaries and wages for 2011-12 at \$17.7 million (excluding on costs), the City incurring \$1.0 million in interest costs in 2011-12 on a loan balance of \$19.8 million, and the City's reserve balance being depleted over recent years (at 30 June 2007 the reserves balance was \$13.7 million but at 30 June 2011 it is projected to be \$6.5 million), the City must be extremely vigilant in its management of any proposed cost increases including staff costs.
42. The employment market for positions other than engineering professionals with resources industry experience has weakened, further supporting the City's position that generous wage increases are not necessary to attract and retain staff. For example, Qantas has stated it will shed 1,000 jobs across a number of roles, Bluescope Steel 1,000 jobs and Telstra 2,000 jobs this financial year.
43. This data is further supported by recent WALGA communication which shows it is processing high volumes of UK applicants seeking employment in Australian local governments including:
- 23 building surveyors;
 - 45 environmental health officers;
 - 80 town planners;
 - 98 engineers; and
 - 16 designers

STRATEGIC IMPLICATIONS & ALIGNMENT TO CORPORATE PLAN

44. This item directly relates to the following elements from the Strategic Plan (2011-2021):

5. Organisational performance.

The City's administration must exhibit strong accountability, transparency, effectiveness and efficiency. Planning and management of revenue, costs and the resource capability of the City is essential for financial stability.

POLICY IMPLICATIONS

45. Nil

ALTERNATE OPTIONS & LEGAL IMPLICATIONS

46. Agree to the demands of the ASU and staff for a new General Workers Collective Agreement.