

STRUCTURE OF THE NEW AWARD

**Book Four of the
LOCAL GOVERNMENT
AWARD RESTRUCTURING
IMPLEMENTATION KIT**

LOCAL GOVERNMENT AND SHIRES ASSOCIATIONS OF NSW

STRUCTURE OF THE NEW AWARD

This book provides comprehensive information for councils to determine, in consultation with employees, where employees are to be placed in the new award. Tasks, skills and competencies are the basis on which transfer is to take place .

Other provisions of the new award are also explained.

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Text in green boxes has been extracted from the Local Government (State) Award.

1 Overview

For the past three years, the Local Government and Shires Associations of NSW (LGSA) and the Local Government unions have been drafting a new flexible award to commence in 1992.

The ground-rules to allow a co-operative exercise on drafting the new award are these:

1. *No employees will suffer a reduction in their rate of pay as a result of the new award.*
2. *No employees will have any change made to their hours of work as a result of the new award, unless by agreement.*

Local Government has been harnessed by obsolete legislation, old-fashioned practices and attitudes. The new award will provide a flexible framework to allow councils to establish new structures and changed employment practices which will provide benefits to the council and staff. The process involved in making these important changes will be consultative and involve staff in all major decisions.

The new award will promote a change of culture in the industry. It will encourage it to move away from rigid and hierarchical decision making and move towards acceptance of the importance of the views of the employees, and the rights of employees to have a say in issues affecting their work and the efficiency of the council.

The LGSA and the unions have accepted that there is considerable common ground. Employers and employees both have a substantial interest in ensuring that councils provide good services and that they do so in a way which will lift the image of councils in the community and raise the public acceptability of Local Government.

The current 400 classifications under the six existing awards will disappear. The new award will not list classifications at all. It will provide a skill-based structure which will allow, in an objective and impartial way, the proper assessment of a rate of pay for all employees in the industry. It will allow career development and use of the full skills of employees and allow council to provide better services for the community.

The new award will provide an assessment of the value of work, instead of relying upon historical relativities, gender biases and other relics from the past.

The new salary structure will allow councils the flexibility to design jobs which meet the needs of the council and the needs of the employees.

This book provides comprehensive information about how employees should be placed in the new award and how, using tasks, skills and competencies, councils will be able to determine in consultation with their employees where employees are placed.

Most importantly, the new award provides for the introduction of consultative committees. As the new award is based on a more co-operative approach, it has been recognised that employees **must** be involved in the process.

Apart from anything else, involving employees in the process makes it easier for those employees to accept the dramatic changes involved in the new award. Elected members should also be represented on consultative committees.

No-one should be afraid of consultative committees. They are not intended to be a mechanism to allow management to cheat workers into change, nor are they intended to be a process to allow worker control. They are intended to be an advisory body, drawing on considerable expertise from the workforce, which can develop a co-operative and progressive new workplace.

The new award provides flexibility in the arrangement and spread of hours. It will be possible for councils to reach agreement with their staff about new ways of working. Longer days of operations, weekend and holiday services are all within the possibilities under the new award. But, because the award is set up as a co-operative exercise, this can only happen by genuine agreement between council and employees and the award provides a structure to allow this negotiation to take place.

Both employees and councils are wary about their ability to be able to negotiate these arrangements and everyone should recognise that these discussions about changing the spread of hours can only take place in an environment of **genuine agreement** without compulsion.

The new award will allow councils and their staff, through the consultative committee, to redesign jobs to incorporate broader functions and encourage multiple skills. Job design and redesign is a major task - it involves identifying the current and future needs of the council, reorganising jobs and training employees to make sure they can do the jobs to the appropriate standard.

This is what micro-economic reform is all about - using the expertise available in the workplace more efficiently.

2 The Wage Fixation Principles

There has been a change in emphasis in the wage fixing system in recent National Wage Case decisions.

Since the March 1987 decision, the industrial tribunals have moved away from the concept of wage fixation based on cost of living increases. That decision introduced the restructuring and efficiency principle with its focus on the need for improvements in productivity and efficiency to, in effect, pay for a wage increase. Key elements in the operation of the restructuring and efficiency principle were identified as changes to work and management practices and initiatives to reduce demarcation barriers and advance multi-skilling, training and retraining and broadbanding. Governments, employers and unions all supported this new approach.

In its August 1988 National Wage Case Decision, the Commission considered it essential that any new wage system should build on the steps already taken to encourage productivity and efficiency and introduced the Structural Efficiency Principle (SEP).

That principle provides for a fundamental review of awards with a view to implementing measures to improve the efficiency of industry and provide workers with access to more varied, fulfilling and better paid jobs.

The measures included:

1. *establishing skill-related career paths which provide an incentive for workers to continue to participate in skills formation;*
2. *eliminating impediments to multi-skilling and broadening the range of tasks which a worker may be required to perform;*
3. *creating appropriate relativities between different categories of workers within the award and at enterprise level;*
4. *ensuring that work patterns and arrangements enhance flexibility and the efficiency of the industry;*
5. *including properly fixed minimum rates for classifications in awards, related appropriately to one another, with any amounts in excess of these properly fixed minimum rates being expressed as supplementary payments;*
6. *updating and/or rationalising the list of respondents to awards; and*
7. *addressing any cases where award provisions discriminate against sections of the workforce.*

Critical points made were that work classifications and functions and basic work patterns and arrangements should be examined. The aim was the development of a more highly skilled and flexible labour force and the provision of more varied, fulfilling and better paid jobs.

The Commission discussed the resistance to change that had been encountered. It concluded that while attitudes on industrial relations matters often appear ingrained and while the consideration of fundamental change requires time and effort, none the less immediate attention should be given to issues such as the development of career structures and elimination of impediments to multi-skilling and broadbanding.

In the National Wage Case, August 1989, the Commission allowed for increases of \$10.00 per week at the basic skill level, \$12.50 per week at the semi-skilled level and \$15.00 per week or 3% at the tradesperson level and above, provided that the Commission was satisfied that the parties were actively pursuing a genuine program of award restructuring.

A second increase of the same amount was allowable not less than six months after the first instalment. To be eligible for the second instalment, positive outcomes to increase efficiency needed to be introduced.

The first instalment of the wage increase was applied to most Local Government awards from 21 November 1989 on the grounds that:

- *In May 1989, the LGSA and the Federated Municipal and Shire Council Employees' Union of Australia (NSW Division); Health and Building Surveyors' Association of NSW, the Local Government Engineers' Association of NSW and the Local Government Clerks' Association of NSW agreed to a Joint Statement of Commitment on Structural Efficiency. This committed the parties to restructure the awards, to develop training arrangements to complement the award structure, to examine work patterns and arrangements, to rationalise award provisions and to review award coverage. All parties have agreed to approach this review in a co-operative and consultative manner.*
- *The commissioning of a jobs and skills analysis to provide details of the job, tasks and skills in Local Government to assist in the development of a skills-based award.*
- *The agreement to work towards the establishment of a single skills-based award for the industry.*
- *The agreement to negotiate a new appointments and promotions clause consistent with the skill-based award structure.*

The second instalment was applicable to those same Local Government awards from 10 July 1990 following:

- *agreement that skill categories would replace occupations in the new skills-based award; and*
- *variations to the awards to provide for:*
 - *appointment on merit;*
 - *part-time and casual employment;*
 - *equivalent time off in lieu of overtime;*
 - *method of payment; and*
 - *council agreements.*

In the April 1991 National Wage Case, the Commission considered proposals to continue to encourage a shift of emphasis in industrial relations towards enterprise level negotiations directed to raising productivity. The Commission prescribed a structured approach which it stated "...will focus the attention of management and employees on measures to improve efficiency and productivity at workplace level; it should also encourage an educative process which will be important in any future decentralisation of industrial relations to the workplace level."

In granting a further 2.5% increase the Commission did not "endorse any new form of enterprise bargaining". This increase applied to most Local Government awards from 20 September 1991.

The October 1991 National Wage Case dealt with further proposals to devolve the system to the enterprise level.

The Commission proposed a new enterprise bargaining principle which will require any wage increase at the enterprise level to be based on the actual implementation of efficiency measures designed to effect real gains in productivity.

The new award is facilitative rather than prescriptive, thus encouraging a workplace focus. The award will allow councils and their employees to review operations to provide enhanced flexibility and efficiency.

3 Implementation of the Award

There will be a six-month period to allow councils and employees to implement the new award. The new award will apply from the first pay period commencing on or after 8 June 1992. However, councils may implement the new award earlier and transfer staff to the new structure and rates of pay.

There will be no general increases under the new award, but in cases where there are increases they will be phased in on the following basis:

- Where the weekly salary increase is \$0 - \$20:
in one instalment from the first pay period on or after 8 June 1992
- Where the weekly salary increase is above \$20 - \$40:
in two equal instalments from the first pay period on or after 8 June 1992 and 8 September 1992
- Where the weekly salary increase is above \$40:
in three equal instalments from the first pay period on or after 8 June, 8 September and 8 December 1992.

So, if an employee receives an increase of \$19 per week, this will be payable from the first pay period on or after 8 June 1992. If the increase is \$30 per week, then it will be payable on the basis of \$15 from the first pay period on or after the 8 June 1992 and a further \$15 from the first pay period on or after 8 September 1992. If the increase is \$42 per week, then the increase will be \$14 from the first pay period on or after 8 June 1992, \$14 from the first pay period on or after 8 September 1992, and \$14 from the first pay period on or after 8 December 1992.

What is to be done in the implementation period?

1. Consult with employees.
2. Establish a credible consultative committee.
3. Transfer to the new skills-based structure.
4. Introduce effective communication and education mechanisms.
5. Commence job redesign.

6. Develop a training plan.
7. Develop a performance management system.
8. Develop a salary system.

The consultative committee must be involved in this process. See Section 20 on consultative committees.

4 Statement of Intent

Clause 2 - Statement of Intent

The parties to the award are committed to co-operating positively to increase the structural efficiency of Local Government and to provide employees with access to more fulfilling, varied and better paid work by providing measures to, for instance:

- *establish skill-related career paths;*
- *eliminate impediments to multi-skilling;*
- *broaden the range of tasks which a worker may be required to perform;*
- *achieve greater flexibility in workplace practices; and*
- *eliminate discrimination.*

5 Undertakings

- *No employee will suffer a reduction in pay as a result of the implementation of this award.*
- *Decisions arising from State Wage Cases and other economic adjustments shall apply to each employee's salary rate set within the framework of the award. This shall not override any existing agreements which are contrary to this undertaking.*
- *Employees on incremental scales will not be disadvantaged where councils have no training plan in operation, unless the employee chooses not to undertake training, consistent with councils training plan.*
- *Employees in regular receipt of penalty and shift rates shall not suffer a reduction in their regular income as a result of the new hours clause.*
- *Any change in hours of work for new or vacant positions or payment for those hours will be referred to the consultative committee for recommendation to council prior to advertising.*