



OUR REF PERSONNEL BO/BD

18 May 2015

Research Director
Finance and Administration Committee
Parliament House
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Brisbane Qld 4000

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Submission to the Finance and Administration Committee - Industrial Relations (Restoring Fairness) and Other Legislation Amendment Bill 2015

Dear Sir/Madam

Mackay Regional Council is aware of the separate submission being lodged by the Local Government Association of Queensland and fully support that submission, however sees this as a matter of such importance to also make a separate submission.

The restructuring of the industrial relations framework applicable to Councils in Queensland is seen as imperative to ensuring the ability to operate as competitively as possible to ensure financial sustainability, but also reflecting fairness of employment conditions. Councils need to break the mould of operating in an insulated environment and become more competitive generally. It is considered that the new single Award arrangement will greatly assist Council achieve these requirements with the appropriate changes.

The request for submissions to form part of the consultation process prior to considering any final position is appreciated.

Yours sincerely



Barry Omundson
Chief Executive Officer

Mackay Regional Council

Submission to the Finance and Administration Committee

Industrial Relations (Restoring Fairness) and Other Legislation Amendment Bill 2015

Current Climate

Mackay has just come out of one of the largest resources booms Australia has ever experienced, and with that boom came the associated growing pains.

However our economy is changing triggered by a change in the resources industry.

60% of our local businesses are reporting a drop in business, unemployment in the Mackay community has hit 9.7% - higher than the Cairns, Townsville and Rockhampton regions. Our youth unemployment rate is even higher, telling us that approximately 1 in 5 of our kids graduating high school will have a lot of difficulty finding a job.

Rental vacancies now sit at 10.3% and the median house value has dropped by 7%.



This economic change has reinforced moves already in place to structure Mackay Regional Council as a Modern Council.

A Modern Council

Doing nothing is not an option.

Modern businesses are always focused on doing things better, improving service, cutting waste so that they continue to meet their customer's expectations. Given our economic environment, Mackay Regional Council has an even more compelling

reason to do these things – we have an accountability to deliver the services our community needs at a cost they can afford.

The focus of development as a Modern Council has centred around –

- Client focused mindset
- Continuous Improvement
- Financial sustainability
- Empowering the extended leadership team
- Teamwork

Council viewed the industrial relations framework it operated under, namely its certified Enterprise Agreement(EA) and system of Award regulation that underpins it, as critical to providing the flexibility to be able to adapt to changes. Any new EA needed to move away from the traditional way Councils operated and structure towards being able to compete with industry generally and not be insulated. However at the same time deliver fairness to staff.

With staff wages costs of \$77.8M out of \$338.6M total expenses for the 2013/14 year, and \$1M equating to approximately a 1% rate increase, value for money for this critical resource is paramount.

Council's Enterprise Agreement and Negotiations

In summary –

- Current EA expired 30 June 2014
- Negotiations for a new EA commenced in October 2013
- Negotiations put on hold with the announcement of a new Award and the inability to negotiate/register an agreement under the existing arrangements
- Council staff last EA increase was paid 1 July 2013
- Council's current salary rates are like most other Councils, being far in excess of the base Award rates, however with no desire to move to base Award salary rates. Allowances are in most cases simply paid per the applicable Award

Council recommenced negotiations after the new Award and legislation in October 2014. The change in Government and concept of IR changes have resulted in the parties 'parking' negotiations and simply continuing to operate under the existing EA.

It should be noted that through EA negotiations Council had developed a Workforce Commitment document as a general commitment towards non-allowable items contained within the previous EA and not able to be contained within any new EA. Regarding employment security provisions, the only change was removal of the specific 'no forced redundancy' statement, which Council believes left an overall commitment of process similar to that now included in the State's *Employment Security Policy*.

New Modern Award

Council supported the concept and development of a single Award to cover all local government operations. This was seen as a streamlining process and an opportunity to overhaul and modernise a number of historic awards.

In particular, combining a number of allowances, as is currently the situation under the Local Government Industry Allowance within the new modern Award, is also supported. The application and claiming of allowances is often a dispute point between employer and employee, and this simply helps to take away a conflict point

It is considered that any move back to a complicated and complex multi-award system would be a backward step. Rather it is proposed that any necessary changes are made to the existing single Award rather than throwing the whole framework away.

Specific Amendment Bill Items

Financial Position of Employer

The concept of requiring the Commission to take into consideration the financial position and fiscal strategy of Councils upon arbitrating a certified agreement determination is seen by Council as critical to providing a balanced decision which takes into account the financial sustainability of Councils as an employer, and the community which it serves. In quite simple terms, if any employer is not financially sustainable, the ability to continue to employ generally is quite seriously challenged.

Authorised Entry

Council acknowledges the right for Union contact with members and associated staff, and has no objection to the overall concept of authorised entry. However it is important to understand the need for prior notice and control of access for a number of reasons.

Many Council operational areas are restricted for security, privacy, or workplace health and safety reasons. Also, some of these require designated safety apparel, and/or site induction or escort. Therefore unfettered and uncontrolled access without due notice to all Council premises is not practical.

As well, interruption to staff needs to be taken into consideration as well.

For all of these reasons a balance needs to be reached for an element of notice, and the ability to control the areas access and the means of access. Council would therefore request that these aspects are taken into consideration when considering changes in this area.

Dispute Resolution

Council sees merit in a uniform dispute resolution clause applicable to all EA's.

Non-allowable Content

Generally Council has no objection with the previously listed non-allowable items including provisions for contracting, employment security, encouragement, organisational change, redundancy pay provisions etc being able to be negotiated and the terms of which being included in an EA.

Summary

To allow negotiations to continue for development of a new EA document it is imperative that there is certainty around the associated IR legislation base. Until this is achieved the ability to negotiate is not possible.

Council would implore the State to make changes as soon as possible taking into account points as raised during consultation and submissions, and is of the belief that the existing single Award framework has significant merit and can simply be amended to provide the flexibility and competitiveness needed by Councils but also balancing fairness for staff.