



## GENERAL MANAGER'S REPORT

13<sup>th</sup> November 2007

**GM7 STAFF GENERAL WAGE INCREASE**  
**FILE: 538 PJG (NRN)**

{ Folio No. \* }

### SUMMARY:

To report to Council on a general wage increase to staff to be effective from the first full pay period from 1<sup>st</sup> November 2007.

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### DESCRIPTION:

WorkChoices legislation came into effect on 27<sup>th</sup> March 2006. For those councils thought to be constitutional corporations, such as Kempsey Shire Council, there are no further provisions for increases in rates of pay and allowances other than increases granted by the Australian Fair Pay Commission (AFPC). The Notional Agreement Preserving the Local Government State Award 2004 (NAPSA) does not allow for further provisions in rates of pay and allowances other than the last pay increase which occurred in November 2006.

The Local Government Association of New South Wales and the Shires Association of New South Wales (LGSA) has recently written to all councils with the following advice relating to a wage decision:

- 1) The Associations strongly recommend that:
  - (a) all councils pass on a 3.2% increase (with a minimum increase of \$22 per week) on the 1<sup>st</sup> November 2006 rates of pay with effect from the first full pay period to commence on or after 1<sup>st</sup> November 2007. The increases will apply to all salary system rates of pay; and
  - (b) all councils increase allowances in accordance with the 1<sup>st</sup> November 2007 increases in the Local Government (State) Award 2007.

The Local Government Act 1993 (Section 335) indicates that it is the function of the General Manager to determine any general salary increase. This is because the General Manager is "generally responsible for the efficient and effective operation of the council's organisation." However, this function does not preclude consultation with stakeholders, namely the Joint Safety Consultative Committee (JSCC) – employee representatives, and the elected Council.

Consultation occurred with the JSCC regarding the AFPC Wage increase in June 2007 and a general wage increase in September 2007 with a positive response being received.

The AFPC Wage-Setting Decision (the Decision) was flowed on from the first full pay period in October 2007. The AFPC's Wage-Setting Decision for 2007 increased preserved Pay and Classification Scales as follows:

- Pay scales that provide for a basic periodic rate of pay of up to and including \$18.42 per hour are increased by \$0.27 per hour; and
- Pay scales that provide for a basic periodic rate of pay that is more than \$18.42 per hour are increased by \$0.14 per hour.

This was applied by awarding an increase of \$10.26 for rates of pay under \$700 per week and \$5.30 for rates of pay over \$700 per week (for 38 hour per week employees). The AFPC increase is equivalent to between 0.19% and 1.6% which is substantially below the negotiated increase by the LGSA.

The intention is to absorb the AFPC increase into a general wage increase consistent with the recommendation as advised by the LGSA in relation to the amount of the increase to wages and allowances.

Council has allowed a general salary wage increase of 3% in its budget to take effect from 1<sup>st</sup> December 2007. If Council were to grant the total increase suggested by the LGSA the worst case scenario impact on the budget for the financial year 2007 – 2008 on wages will be in the order of \$40,000 with an additional impact of approximately \$33,000 in reduction to works programs. It should be noted that we anticipate that we will be able to negate the identified costs through under expenditures during the quarterly budget review.

#### **REPORT IMPLICATIONS:**

- **Environmental**

*Nil*

- **Social**

*Nil*

- **Economic (Financial)**

**The impact on the budget will be approximately \$40,000 with potential productivity losses of \$33,000.**

- **General Managers Review**

*As per report*

#### **RECOMMENDATION:**

**That Council make available appropriate funds in this year's budget to accommodate the salary wage increases totalling 3.2% from the first full pay period after 1<sup>st</sup> November 2007.**

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**A V Burgess**  
**GENERAL MANAGER**