

## 14.1 CITY OF NORWOOD PAYNEHAM & ST PETERS LOCAL GOVERNMENT EMPLOYEES ENTERPRISE AGREEMENT NO. 9 (2023-2026)

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**REPORT AUTHORS:** Chief Executive Officer, Manager, Chief Executive's Office and  
Human Resources Advisor  
**GENERAL MANAGER:** Not Applicable  
**CONTACT NUMBER:** 83664539  
**FILE REFERENCE:**  
**ATTACHMENTS:** A - B

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### PURPOSE OF REPORT

The purpose of this report is to advise the Council of the status of negotiations associated with the Enterprise Agreement for staff covered by the *Local Government Employees Award* (ie. Field staff and Casual staff at the Council's Swimming Centres).

### BACKGROUND

The current Enterprise Agreement has a nominal expiry date of 1 November 2023. Pursuant to the terms of the Agreement, negotiations for a new Agreement commenced earlier this year and negotiations have concluded to the extent that the Staff Negotiating Committee has settled on a new Enterprise Agreement that will be voted upon shortly by staff who are covered by the Agreement.

The Local Government Employees Enterprise Agreements are covered by the State Industrial Relations jurisdiction and is governed principally by the *Fair Work Act 1994* (SA).

Like all such Agreements, the *Local Government Employees Enterprise Agreement*, is an agreement between the employer (the Council) and its employees (Council staff) and the relevant Union and sets wages and conditions for those employees who are covered by the Agreement for the term of the Agreement – in this case, three (3) years, commencing from 1 November 2023.

The Council's *Local Government Employees Enterprise Agreement* covers staff whose positions are classified under the *Local Government Employees Award* and includes all Depot staff (with the exception of Administration staff who are covered by the *South Australian Municipal Salaried Officers Award*) and some staff at the Council's Swimming Centres whose employment is covered by the Award.

This Council continues to maintain the traditional approach of collective bargaining and as such, any increases in wages is not linked to CPI, but rather through a negotiated process that takes into account productivity improvements and conditions. Agreements generally cover a period of three (3) years.

This new Agreement has been negotiated at a time when Local Government, and indeed many employment sectors across Australia, are facing difficulties in recruiting and retaining staff.

At the same time, given the ongoing spotlight on cost of living issues, inflation and interest rates, Local Government is also facing significant Government and community pressure and scrutiny, to manage increases in rates which are ultimately impacted upon by items such as wage increases. To this end, there is a responsibility to ensure that wage increases and conditions are socially responsible, as well as ensuring good/prudent fiscal management while continuing to deliver high quality services, maintain incentives that attract desirable employees into the organisation and supportive employment conditions that retain high performing staff.

These scenarios present (and will continue to present) many challenges and opportunities and at times are difficult to reconcile and balance, particularly when the *"hunt for talent"* is as extremely competitive and fierce as it currently is and likely to be so for some time.

To address these challenges and opportunities, management and staff have sought to negotiate a new Agreement which:

- preserves the existing conditions contained in the current Agreement, particularly those which provide for security and tenure, are family friendly and provide for staff development and growth (all important components that are required to attract and retain staff and maintain staff motivation and performance);
- offer socially and fiscally responsible wage increases that places the Council in a better competitive position when compared to other Councils (particularly given the current employment market);
- consider improvements in employment conditions that were identified in the Employee Log of Claims; and
- ensure that there is acknowledgement and acceptance that real and measurable productivity improvements will be itself progressed through changes to work practices and not through the Enterprise Agreement, introduction of better technology and implementation of the findings and recommendations of the Depot Service Review (which is almost complete).

In addition to the above, management have continued to progress the harmonising of the disparate conditions between the two (2) active Enterprise Agreements, with a mandate to equalise conditions between both Agreements (that is all staff have access to similar conditions, albeit that for operational reasons there may be some nuances).

Responsibility of the employment and remuneration of staff rests with the Chief Executive Officer. However, given the size and reasons for the wage increase in Year 1, this matter is provided for the Council's information.

**RELEVANT STRATEGIC DIRECTIONS & POLICIES**

Not Applicable.

**FINANCIAL AND BUDGET IMPLICATIONS**

The final negotiated increase for the first year of the Agreement is 10% (reasons for this are set out in the Discussion section of the report).

The impact of the Enterprise Agreement on employee costs for the 2023-2024 financial year shown in Table 1 below. These figures do not contain the Swimming Centres staff as these are casual staff and seasonal.

**TABLE 1: EMPLOYEE COSTS FOR THE 2023-2024 FINANCIAL YEAR**

		10.0%	3.5%	3.0%
Row Labels	Base Salary at the beginning of 23/24	Forecasted Wages Y	Forecasted Wages Y+1	Forecasted Wages Y+2
Grade 4 Year 1	62,605	68,865	71,924	74,304
Grade 4 Year 2	62,731	69,004	72,140	74,304
Grade 4 Year 3	63,364	69,700	72,140	74,304
Grade 5 Year 1	193,159	212,475	222,487	229,969
Grade 5 Year 2	390,466	429,513	446,542	459,938
Grade 5 Year 3	522,959	575,255	595,389	613,251
Grade 6 Year 3	134,122	147,535	152,698	157,279
Grade 7 Year 2	68,399	75,239	78,295	80,644
Grade 7 Year 3	275,082	302,590	313,181	322,576
Grade 8 Year 3	70,355	77,391	80,099	82,502
<b>Grand Total</b>	<b>1,843,243</b>	<b>2,027,567</b>	<b>2,104,894</b>	<b>2,169,071</b>

In summary, for the 2023-2024 financial year, the impact is \$184,324.

While the increase that has been negotiated is significant, the budgetary impact will be minimal and can be managed.

It is considered that the proposed increase is a one-off correction and that the Long Term Financial Plan will be based on more conservative increases of between 2.5% to 3.0% - noting that this Council has not based its Enterprise Agreement wage and salary increase on CPI.

#### **EXTERNAL ECONOMIC IMPLICATIONS**

Not Applicable.

#### **SOCIAL ISSUES**

Not Applicable.

#### **CULTURAL ISSUES**

Not Applicable.

#### **ENVIRONMENTAL ISSUES**

Not Applicable.

#### **RESOURCE ISSUES**

Whilst there are no direct resource implications arising from the new Agreement, the basis of the Agreement is that staff are the Council's biggest resource and given the current employment market conditions, in order to maintain service standards, every opportunity must be taken to ensure that this Council continues its pursuit of conditions of employment that attract and retain high performing staff.

In the current economic environment facing Australia, many employment sectors are facing staff shortages, as well as skill shortages. As such, in order to continue to provide services to the community at the standard that is expected by the community and the Council itself, the Council must ensure that its conditions of employment and wages and salaries, are attractive to both current (retaining) and potential staff (recruiting).

The recruitment and retention of good and high performing staff is paramount to the Council's objective of providing "best value" for its community and ensuring that the Council operates successfully in an environment which continues to pressure Local Government to do more with less – an equation that is becoming increasingly difficult to meet.

This does not imply that the Council must pursue the payment of the highest wages and best conditions. It does however, require the Council to ensure that it remains competitive from a wages perspective, in addition to making sure that it has a good organisational culture and places itself in a position where current and future/potential high performers want to work.

The wage increases (and conditions) that are contained in the Agreement, whilst significantly higher than what was factored into the 2023-2024 Budget (ie. 2%), are not extravagant, given the current situation and are designed to place the Council in a better competitive position when compared to other Councils that were benchmarked.

#### **RISK MANAGEMENT**

Not Applicable.

## CONSULTATION

- **Elected Members**  
Not Applicable.
- **Community**  
Not Applicable.
- **Staff**  
Not Applicable.
- **Other Agencies**  
Not Applicable.

## DISCUSSION

Negotiations for the Enterprise Agreement have taken place on the basis of the original principles of Enterprise Bargaining. In short, negotiation of Enterprise Agreements is based on the principles of collective bargaining and that any increases in wages and conditions are agreed to in return for commitments to increased productivity and improvement to work practices.

Based upon these principles, a new Enterprise Agreement has been negotiated which includes the enhancement of some conditions to align as far as practicable with the conditions set out in the Enterprise Agreement that covers all of the other staff in the organisation. These conditions include matters relating to Study Assistance, management of over-time, Purchase Leave, Bereavement Leave, Study Assistance and Parental Leave.

In respect to the wage increase that has been negotiated, a benchmark with a number of Councils to establish how this Council compares to the benchmarking was undertaken and is based on the wages of a Municipal Employee Level 5 (as defined in the Award). The benchmarking was also based upon comparing current wages for a Municipal Employee Level 5 and the projected wage based existing Enterprise Agreement and those currently in the process of being negotiated at those Councils included in the benchmark exercise.

Based upon the findings of the benchmarking, as at 2023 this Council's wages for staff who are employed under the *Local Government Employees Award*, are the lowest of the benchmarked Councils.

A copy of the results of the benchmarking exercise are contained in Attachments **A** and **B**. The table in Attachment A shows the position of this Council relative to the benchmarked Councils and the table contained in Attachment B shows the position of this Council when increases are applied.

Whilst comparisons are odious, particularly when it comes to Enterprise Agreements, the principal reason why this Council's wages are at the lower end of the scale, is that the process of Enterprise Bargaining is conducted through the traditional method and not through a process where CPI is used as a base.

In this respect, when CPI is low (as it has been for many years), this benefits the employee, albeit that some Councils have agreed to CPI plus a percentage top-up. When CPI is high as it has been over the last couple of years, this disadvantages the employer. The use of CPI has resulted in significant increase for some councils.

In a competitive labour market, whilst wages are not the single determinant of why staff leave an organisation or stay in an organisation, employees who are being paid (say) \$65,000 are more likely to leave if they can secure a wage of (say) \$70,000 – noting again, that wages are not necessarily the main reason why staff leave, albeit that a \$5,000 increase is significant.

As such, in order to remain competitive, it is both important and prudent and simply good management, to ensure that we are able to attract and retain staff. Whilst a 10% increase in Year 1 is a significant departure from what was estimated, it is a correction that is required.

Based upon this increase, the effect is that it places the Council mid-table when compared to the benchmarked Councils.

Whilst the Staff Log of Claims put forward a wage increase of 11.5% for Year 1, the Staff Negotiating Committee and the Australian Workers Union (AWU), have agreed to this compromise of 10% in Year 1, 3.5% in Year 2 and 3% in Year 3.

## OPTIONS

Not Applicable.

## CONCLUSION

The one-off correction in wages that has been negotiated with the new Enterprise Agreement is required, if the Council is to remove wages as one of the impediments to recruiting and retaining staff.

The other components such as management work practices and culture, are matters which will be in part addressed through the Depot Service Review and through reviews of processes and work practices. To this end, the operations of the Depot, will need to change to ensure that the Council and the community is receiving "best value". Staff will be involved in the improvement of systems and processes and this will ensure that staff have ownership of the outcome. In the current operating environment, this is an integral and important component of success.

## COMMENTS

The process of negotiating Enterprise Agreements can often be adversarial and protracted. This Council has a good reputation in the negotiation of Agreements and this new Agreement has been negotiated in "good faith" by staff and the Australian Workers Union. The outcome that has been achieved demonstrates this.

The principle that is applied by management in respect to Enterprise Agreements, is that each Agreement is a new one and any wage increases and improvements to conditions must be balanced with improvements to productivity, achieve savings where possible and practicable and take into consideration socially responsible expectations.

In respect to wage and salary increases, the adoption of CPI as the starting base for negotiations, is not in keeping with the spirit of the original justification for Enterprise Agreements. Agreements must be developed from a neutral starting point, notwithstanding that CPI is seen as a minimum – noting that Enterprise Bargaining provides for wages and salaries which are above Award rates and therefore need to be justified.

In respect to this Agreement, the negotiation was conducted in an environment that has been conducive to open negotiation and the issues have been worked through professionally and maturely. This is a credit to all the staff involved.

Finally, as Elected Members are aware, the organisation is not over-resourced and as such, whilst this lowers the cost of providing programs, services and facilities, it is important to ensure that the Council attracts and retains good, high performing and motivated staff.

## RECOMMENDATION 1

That pursuant to Section 90(2) and (3) of the *Local Government Act 1999* the Council orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Council will receive, discuss and consider:

- (b) information the disclosure of which –
  - (i) could reasonably be expected to prejudice the commercial position of the Council; and
  - (ii) would, on balance, be contrary to the public interest;

by the disclosure of sensitive commercial and financial information and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

## RECOMMENDATION 2

That the report be received and noted.

## RECOMMENDATION 3

Under Section 91(7) and (9) of the Local Government Act 1999 the Council orders that the report, with the exception of the minutes and attachments, be kept confidential for a period not exceeding six (6) months, after which time the order will be reviewed.

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*Cr Holfeld moved:*

*That pursuant to Section 90(2) and (3) of the Local Government Act 1999 the Council orders that the public, with the exception of the Council staff present [Chief Executive Officer; General Manager, Governance & Civic Affairs; General Manager, Urban Planning & Environment; General Manager, Infrastructure & Major Projects; Project Manager, City Projects; Executive Assistant, Chief Executive's Office and Administration Assistant, Governance & Civic Affairs], be excluded from the meeting on the basis that the Council will receive, discuss and consider:*

- (b) information the disclosure of which –*
  - (i) could reasonably be expected to prejudice the commercial position of the Council; and*
  - (ii) would, on balance, be contrary to the public interest;*

*by the disclosure of sensitive commercial and financial information and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.*

*Seconded by Cr Knoblauch and carried unanimously.*

*Cr Piggott moved:*

*That the report be received and noted.*

*Seconded by Cr Clutterham and carried unanimously.*

*Cr Sims moved:*

*Under Section 91(7) and (9) of the Local Government Act 1999 the Council orders that the report, with the exception of the minutes and attachments, be kept confidential for a period not exceeding six (6) months, after which time the order will be reviewed.*

*Seconded by Cr Duke and carried unanimously.*

# Attachment A

**Confidential**

**City of Norwood Payneham & St Peters  
Local Government Employees  
Enterprise Agreement No. 9 (2023-2026)**

Released

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**City of  
Norwood  
Payneham  
& St Peters**

### Wages Comparison - Staff Employed Under the Local Government Employees Award - Current

Council	Position	Classification	Salary 2023	end of EA
City of Mitcham	Team Member	ME, Grade 5	\$73,237 - \$78,720	30.06.2024
City of Unley	Team Member	LG Team Member (TM)	\$ 73,974.48	30.6.2023
City of Campbelltown	ME 5	ME 5	\$71,316 - \$75,622	31.12.2023
Adelaide City Council	Tradesperson	D054	\$68,135 - \$72,177	30.06.2026
City of Charles Sturt		ME 5.3	\$ 71,436	30.05.2023
City of Playford	Team Member	Playford Field Staff Grade 3 - Grade 5	\$66,353 - \$67,619 / \$70,151 - \$71,416	30.06.2024
City of Prospect	Team Member	Level 2 - 3	\$69,680 - \$71,708	01.01.2022
City of Holdfast Bay	Fieldworkers	CHB3	\$ 70,844	30.6.2024
City of West Torrens	Worker	LGE CWT 5	\$ 70,150	30.6.2024
Tea Tree Gully Council	Field Officer	Grade 5	\$69,939 - \$70,514	30.6.2024
City of Marion	Team Member	ME, Grade 5	\$67,157 - \$68,651	30.06.2024
City of Burnside	Team Member	Field Level 5	\$68,316	30.6.2023
<b>NPSP</b>	<b>Team Member</b>	<b>ME, Grade 5</b>	<b>*** \$65,369</b>	<b>31.10.2023</b>
the Award		ME Grade 5	\$ 50,492.00	

Please note: for consistency the classification level of Municipal Employee Grade 5 (or equivalent) has only been included in this table to enable comparison.

**\*\*\* Plus \$12.50 per week allowance  
(\$650 annual)**

# Attachment B

**Confidential**

**City of Norwood Payneham & St Peters  
Local Government Employees  
Enterprise Agreement No. 9 (2023-2026)**

Released

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City of Norwood Payneham & St Peters  
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**City of  
Norwood  
Payneham  
& St Peters**

### Wages Comparison - Staff Employed Under the Local Government Employees Award - Projected

Council	Position	Classification	Salary 2023	end of EA
City of Mitcham	Team Member	ME, Grade 5	\$73,237 - \$78,720	30.06.2024
City of Unley	Team Member	LG Team Member (TM)	\$ 73,974.48	30.6.2023
City of Campbelltown	ME 5	ME 5	\$71316 - \$75622	31.12.2023
<b>NPSP</b>	<b>Team Member</b>	<b>ME, Grade 5</b>	<b>\$71,905</b>	<b>31.10.2023</b>
Adelaide City Council	Tradesperson	D054	\$68,135 - \$72,177	30.06.2026
City of Charles Sturt		ME 5.3	\$ 71,436	30.05.2023
City of Playford	Team Member	Playford Field Staff Grade 3 - Grade 5	\$66,353 - \$67,619 / \$70,151 - \$71,416	30.06.2024
City of Prospect	Team Member	Level 2 - 3	\$69,680 - \$71,708	01.01.2022
City of Holdfast Bay	Fieldworkers	CHB3	\$ 70,844	30.6.2024
City of West Torrens	Worker	LGE CWT 5	\$ 70,150	30.6.2024
Tea Tree Gully Council	Field Officer	Grade 5	\$69,939 - \$70,514	30.6.2024
City of Marion	Team Member	ME, Grade 5	\$67,157 - \$68,651	30.06.2024
City of Burnside	Team Member	Field Level 5	\$68,316	30.6.2023
the Award		ME Grade 5	\$ 50,492.00	

Please note: for consistency with the Wages Table provided by the AWU (Table 2), the classification level of Municipal Employee Grade 5 (or equivalent) has only been included in this table to enable comparison.

**NPSP 2023 Payment =  
Wage increased by 10%  
and includes allowance  
absorbed into wages.**