



RMTU, KiwiRail Holdings Limited and KiwiRail Limited

Multi Employer Collective Employment Agreement

2018/2020

Introduction

In 2016 The RMTU and The Employers negotiated, and members subsequently ratified, a Multi-Employer Collective Agreement (MECA) with a 2 year term to expire 30 June 2018. On 1 May 2018 the Union issued a bargaining initiation notice to the employers for the renewal of the MECA for the KiwiRail Group of companies.

Your RMTU bargaining team comprised RMTU staff and Union delegates on the KiwiRail Freight, Mechanical, Networks and Interisland Councils. A smaller steering group was elected from this group. Our thanks to the team(s) for their work.

This negotiation was expedited when the parties agreed to a bargaining process that saw the Union claims being addressed and hopefully resolved during the currency of the new MECA under HPHE principles and processes. This process had demonstrably worked following the 2016 bargaining with all outstanding items at that time being resolved by HPHE consensus.

During the negotiations the discussion touched on the wages gap and the inequality of percentage based increases and its effect on low paid workers. For example petrol and other items increase in cost by a set amount for all with no regard to the percentage of income effect on the individual. The headline item for this wage round, in our view, is the fiscal benefit to members as a result of the front loading of the proposed settlement. If a traditional percentage settlement was adopted with a 2.5% increase year 1 and 2.75% year 2 the payroll increased cost of settlement is \$13,172,085 (total paid over 2 years) versus \$1.63ph paid year 1 for 2 years is \$17,689,131 (total paid over 2 years). There is more than an additional \$4m going into members pay packets under this proposal. The traditional increases mentioned earlier will be placed onto the allowances in the MECA

The documents related to the proposed settlement are viewable on the Union website including this newsletter. Go to www.rmtunion.org.nz and then "Bargaining" on the home page.

The Proposed Settlement

Below is the key points of the proposed settlement.

Term

The term of the new MECA has been agreed as two years from 1 July 2018 to 30 June 2020.

Wage Increase

A flat rate increase of **\$1.63 per hour** shall be applied to all printed wage rates, effective 1 July 2018. There will be no further wage rate increase during the term of the collective agreement unless by agreed variation to the MECA.

Allowances

All printed allowances shall increase by 2.5% effective 1 July 2018 and by a further 2.75% effective 1 July 2019.

Pass on (consistent with past practice)

KiwiRail accepts that there shall be no pass on of any financial gain on which agreement was settled, or any gain contained in this settlement or collective agreement, to any employee who is not a member of the Union and falls within the coverage clause of the collective agreement.

Undertakings of the parties:

- a. That all amendments agreed to bring the collective agreement into conformity with the Holidays Act 2003 be incorporated into the new MECA.
- b. That previously agreed variations to the MECA be incorporated into the new MECA. These include:
 - The revised Pay Scale 2 – Structures (effective 16/11/17);
 - The revised Pay Scale 7 – Terminal Operations (effective 3/12/17).
 - Meal and Rest Break Compensation – Pay Scale 3 – Network Operations (effective 6/3/15).
- c. That the revised Pay Scale 2 – Safety Protectors pay rates be incorporated into the new MECA after separate successful ratification, to be effective 1 July 2018.
- d. That the ROM S3 review be adopted, after separate successful ratification.
- e. That the following items be referred to the relevant Industrial Council and if necessary HPHE working groups as agreed for resolution within the term of the new MECA:
 - Container Terminal rates and progression nationally and specifically Southdown (KIC);
 - Rail Operators rate review – Westfield (KIC);
 - Ferry Terminal Operators – market study review (IIC);
 - ROM S9 Review (KIC);

- Lathe Operators allowance – confirm progress (MCC);
 - Network Services and RSAS pay progression reviews (KNIC and MIC);
 - Network Services manning levels (KNIC);
 - Network Services Flexible working allowance, clarify entitlement and remove ambiguity (KNIC);
 - NZCE to be updated to NZDE in MECA (Administration Council);
 - Adult apprentice rates review (MCC);
 - Health and Safety Matrix be updated to reflect current legislation (Administration Council);
 - Harmonise OJT allowances between Business units (Administration Council)
 - Determination of a Rostered Day off (Administration Council);
- f. That a definition of Safety Critical training be agreed.
- g. That the HSAT Governance Terms of Reference be included in the new MECA at new Clause 21.1.14.
- h. That the Administration Council be retained for the consideration of all future administrative issues which span the whole of KiwiRail.

Formerly agreed undertakings to be continued as part of this MECA:

a. Relationship Charter

KiwiRail and the RMTU agree to use actively a Relationship Charter as its guiding principles to meet not only its Good Faith requirements but for any initiatives nominated by either KiwiRail or the RMTU.

b. Terms of Reference for Industrial Councils

KiwiRail have developed a terms of reference template which can by agreement by both parties be altered for each Industrial Council or can include RMTU delegates from other Industrial Councils.

c. High Performance High Engagement

KiwiRail and the RMTU agree to continue developing High Performance High Engagement and working collaboratively to achieve mutually beneficial outcomes such as operational business improvements.

d. Drug and Alcohol Policy and Procedures

KiwiRail and the RMTU agree to the continuation of the Drug and Alcohol and Procedures review that followed the settlement of the 2014 Collective Agreement.

e. Book-On and Book-Off Arrangements

KiwiRail Freight have advised that they are considering the introduction of new rostering technology that may include electronic book-on and book-off arrangements.

The parties agree to work together in accordance with the HPHE protocols agreed between the parties.

f. Company Required Medical Examinations

KiwiRail agrees that if an employee is booked on a company required medical examination on a day of work they will be paid relevant daily pay for their rostered hours. KiwiRail medical examinations on an employee's rostered day off are voluntary. If the employee attends a medical on their rostered day off, they will be paid 4 hours' relevant daily pay.

g. Special Paid Union Leave

The existing arrangements in respect of paid leave of employees for union purposes are renewed in these Terms of Settlement.

h. Trade Certification Pay Scales 2 & 5

The Parties agree to continue the Grandfathering of the Trade Certificate Payments for the 11 staff named in the KiwiRail Infrastructure and Asset Management Schedule.

i. Prescription Safety Glasses

The provision of prescription safety glasses as agreed by the joint Administration Council on 27 May 2016 shall apply.

Settlement is subject to ratification by union membership.

The MECA if ratified shall expire 30 June 2020.

Your negotiating team supports this proposed settlement and **recommends** that the membership supports it.

RATIFICATION

The MECA is subject to ratification by all of the Union's members who will fall within its coverage and who are employed within the divisions of KiwiRail group of companies.

The proposed settlement shall be rejected if more than 33% of the members reject the settlement by the due date, namely **1700hrs Friday 24 August 2018**

The ballot paper is enclosed with this settlement update.

- If you wish to **reject** the settlement then you need to mark the box "x", add any comment and return the ballot paper in the supplied envelope, so that it is received by Head Office by no later than 1700hrs Friday 24 August 2018. Late papers will not be counted.
- If you wish to accept the settlement you need to destroy the ballot paper.

Wayne Butson
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