

KIWIRAIL NETWORK

Pay and Career Progression Implementation

Introduction

The purpose of this communication is to prepare the way for our KiwiRail Network Operations pay and progression roadshow, planned for 21 - 30 March 2011.

The progression process has been developing for three years and we are at a stage where we are ready to implement it. To do that we need you to understand the process so that you can actively support its implementation.

The joint RMTU – KRN working party acknowledges it has been sometime since the previous roadshow in June 2010. While we had hoped to be back to staff earlier than this, the time has allowed us to do a lot of necessary detailed work behind the scenes.

The pay and career progression process for KiwiRail Network Operations has been developed as a joint process between KiwiRail and RMTU.

KiwiRail and RMTU encourage all staff whose positions sit within the progression criteria to attend one of the road show meetings. A schedule of meetings is attached.

Progression Features

The joint working party has reviewed and confirmed the main features of the progression process:

- There are 16 disciplines:
 - Track, including Track Welder, NDT Operator, Lube Operator, Excavator Operator
 - Track Machine Operator
 - Rail Weld
 - Rail Bonders
 - Structures
 - Traction Electrician
 - Signals Technician
 - Signals Maintainer
 - Signals Equipment Technician
 - Signals Equipment Assembler
 - Telecommunications
 - Traction Line Mechanic
 - Signals Line Mechanic
 - Mechanical Engineer
 - Stores
 - Safety Protector (Electrical and Non-electrical)

- Every discipline has essentially the same career structure, although different titles may be used:
 - Trainee
 - Trainee/Worker

- Worker (with possibly two levels)
 - Fully competent worker
 - Leading Hand/Team Leader, Inspector/Supervisor
- Every discipline has standardised levels and titles, ie. Level 1 is the beginning level in all job families and titles fit within the above career structure
 - Some disciplines are incorporated into the career structures of other disciplines – eg. NDT Operator, Track Welder and Lube Operator are incorporated into Track
 - Each level has specific OJTs to complete to allow progress to the next level and to attain unit standards
 - Progression occurs from Trainee to Trainee/Worker to Worker and finally to Fully Competent Worker.
 - Appointed roles are not part of the progression system, ie. Ganger, Leading Hand, Supervisor and Inspector positions are gained by appointment only.
 - Rates of pay have been benchmarked to pay rates outside of rail and relative rates of pay are aligned across all disciplines and recognition is given for trade registration in Signals/Telecommunications and for trade qualifications in Structures

You may already have seen draft career plans for some disciplines. Career plans are now finalised for all disciplines apart from some minor fine-tuning.

We will be confirming verifiers and assessors, and arranging internal two-day training courses as required. A verifier is a qualified team leader or appointed person who initially signs off an employee's OJT. Generally verifiers will be Leading Hands, Gangers, Supervisors and Inspectors. An assessor is a Competenz-registered workplace assessor who has the final sign-off on employee's OJT competency at each progression level, and is not the employee's ganger or team leader.

Placement in New Structures

A significant part of implementation of the pay and career progression process will be placement in the new structure. This will be straightforward in Track and some other disciplines whose structures are relatively unchanged. However, it may be less straightforward in some other disciplines and in these cases managers will discuss with staff their placement. A review process will be available for any instances where disagreement about placement might occur. No employee will transfer to the new rates and be placed on a lower rate – every employee will be transferred to their correct level in the structure and at the least maintain their current rate of pay.

Pay Rates

The rates of pay in the new structure are market median rates. That means that the new rates reflect the median of 17 other companies with which we compared our rates of pay. On average, our rates of pay are currently behind the market. However, the

relationship with the market is different for different jobs and for levels within the job or discipline. The roadshow will present the detailed pay rates and movements required to bring rates to the market median.

We cannot move to the market median rate for all positions in one movement. To manage this cost, the movement will be made in three steps, in 2011, 2012 and the final step in 2013. KiwiRail like other public sector organisations is required to be efficient and productive, and movement towards the median market rate will be productivity related.

The average cost increase per step is 3% on labour costs. Any increases contained in the MECA will be in addition to the market rate movements.

Ratification

The roadshow will provide RMTU members with more detail and an opportunity to discuss our proposed pay and career progression process. At the conclusion of the roadshow, members will be asked to vote on ratifying the pay and progression process, flexible hours and the rest period clause in the collective agreement. The variation requires a 70% majority vote to be successful.

More detailed information will be provided at the roadshow and, of course, there will be an opportunity to further question and discuss the progression process.

Roadshow Itinerary

The following sites will be visited. The detailed schedule is attached.

North Island – Northern Region: Whangarei, Auckland (Westfield), Tauranga, Hamilton, Taumaranui

North Island – Central Region: Stratford, Palmerston North, Napier, Wellington (Kaiwharawhara)

South Island: Invercargill, Dunedin, Timaru, Christchurch, Greymouth, Blenheim

The Roadshow team will be – Scott Wilson, Phil Kearns, Buzz Terrey, Robin Nicole, Graeme Boomer

Finally

The pay and career progression process will enable employees to learn new skills, to develop alternative career paths and to have access to higher gains in terms of earning opportunities. As a business, KiwiRail will increase its productivity through the development and demonstration of employees' skills on the job.

As with any new initiative, there may be some hiccups during the implementation. We emphasise that employees and managers work together to resolve any problems and if not resolvable locally, to inform HR. Your ongoing feedback will help us make improvements to the progression process over time.

We look forward to seeing you and your staff at the roadshow.

Robin Nicole,
HR and HSE Manager

Proposed Itinerary:**North Island – Northern Region:**

Sun 20 March	Fly to Whangarei
Mon 21 March	7.30 meeting Whangarei Depot Drive rental car to Auckland for 2.00pm meeting at Westfield Drive to Tauranga – overnight in Tauranga
Tues 22 March	7.30am meeting Tauranga Depot Drive to Hamilton – 2.00pm meeting at Pukeko Street Drive to Taumaranui – overnight in Taumaranui
Wed 23 March	7.30am meeting at Taumaranui Depot

North Island – Central Region:

Wed 23 March	Drive to Stratford – 2.00pm meeting at Stratford Depot Drive to Palmerston North
Thurs 24 March	7.30am meeting Palmerston North Training Room Drive to Napier – 2.00pm meeting Napier Depot Fly Wellington – overnight in Wellington
Fri 25 March	7.30am meeting at Kaiwharawhara Depot

South Island:

Sun 27 March	Fly to Invercargill – overnight
Mon 28 March	7.30am meeting at Invercargill Depot Drive to Dunedin - 2.00pm meeting Dunedin Depot Drive to Timaru – overnight in Timaru
Tues 29 March	7.30am meeting at Timaru Depot Drive to Christchurch – 2.00pm meeting in Midas Pace Depot Fly to Greymouth – overnight in Greymouth
Wednesday 30 March	7.30 am meeting at Greymouth Depot Fly to Wellington – overnight in Wgton
Thurs 31 March	Fly to Blenheim – 10.00am meeting at Blenheim Depot Fly home in afternoon