

**ITEM-85                      CCL 25/07/17 - PERMANENT EFFECTIVE FULL TIME (EFT)  
ESTABLISHMENT**

**REPORT BY:                EXECUTIVE MANAGEMENT -  
CONTACT:                 ACTING MANAGER - HUMAN RESOURCES**

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**PURPOSE**

To provide Council with information regarding the outcome of a recent dispute case listed before the NSW Industrial Relations Commission (IRC). The dispute relates to the engagement of temporary fixed term contract employees at Council and the nature of permanent duties undertaken within these roles.

**RECOMMENDATION**

- 1 Council notes the increase of budgeted Equivalent Full Time (EFT) employee establishment from 935 to 957 (increase of 22 EFT) as a result of the Industrial Relations Commission agreement in July 2017.

**KEY ISSUES**

- 2 A number of employees have been engaged under fixed term contracts for periods in excess of a 12 month period as per the Local Government Act and State Award (referred to by the City of Newcastle's current Enterprise Agreement). The permanent nature of duties undertaken through these temporary positions on an ongoing basis has drawn attention to the job expectations for these temporary and fixed term contracts.
- 3 The majority of the 22 temporary positions were required to continue to resource delivery of renewal projects relating to Council's infrastructure backlog and maintenance. Due to the diverse nature of Council's functions and service provision, the importance of staffing levels in Council requires a mix of specialist and technically qualified people to undertake core duties and roles. This ensures Council can deliver on its goals as outlined in the annual Operational Plan and four year Delivery Plans. In addition to Council's EFT, a number of staff are engaged on fixed term temporary contracts, contracted through external agencies and Labour Hire or, are employed on a casual basis.
- 4 Council was successful in its 2015 Special Rate Variation (SRV) application to the Independent Pricing and Regulatory Tribunal (IPART). This SRV has enabled Council to undertake projects in accordance with this expanded program which also allows for an incremental increase in EFT over a ten year period from 2015 to 2025. The resource increase at year three 2017/18, is an additional 12 EFT with resource increases at year 2023/2024 expected to be an additional 22 EFT.

- 5 While the previous budgeted EFT has remained at 935, as per the Council Resolution of 24 September 2013, the actual EFT has never exceeded nor reached this number since the Council resolution. The actual EFT according to end of financial year reports in July 2017 was 861.91. Furthermore, Council's salaries and wages expenditure of \$95 million in 2016/17 remains comparable with the 2013 salaries and wages budget of \$94.5 million.
- 6 A review of current EFT utilisation, outside established positions and contract labour to ensure compliance with the Local Government Act and the State Award, is undertaken with Council's Business Units and reported to Council's Executive Management Team (EMT) on a monthly basis to ensure appropriate governance. This review has now been updated to include reference to the Council nominated budgeted EFT (including the SRV EFT allocation).

### **FINANCIAL IMPACT**

- 7 Council's actual EFT recorded in July 2017 is 8.91 per cent (vacancy rate) under the budgeted EFT of 935. In addition, Council's salaries and wages expenditure in 2017 remained comparable with 2013 salaries and wage budget expectations. Moreover, the salaries and wages expenditure of \$95 million in the last financial year has not been normalised to account for various annual wage increases.
- 8 The increase of 22 EFT to 957 should not invoke additional expenditure beyond SRV project requirements given all 22 positions currently include employee on costs. The remuneration offered to the employees being made permanent will be at the salary currently being paid.

### **IMPLEMENTATION PLAN/IMPLICATIONS**

- 9 There are no implications in implementing the additional EFT as these people are currently employed by Council and would expect to continue in their current roles on a permanent basis.

### **RISK ASSESSMENT AND MITIGATION**

- 10 The determination of the recent dispute in the IRC has necessitated the need for Council to provide permanent employment to the identified temporary positions that formed part of this dispute. Failure to increase the EFT in accordance with this ruling would leave Council in breach of its obligations to the IRC.

### **RELATED PREVIOUS DECISIONS**

- 11 On 24 September 2013, Council resolved to adopt a permanent effective full time (EFT) establishment, excluding casual / temporary staff, of 935 as the maximum permanent establishment. This resolution formed part of the Overall Determination of Council's Organisational Structure adopted at this meeting.

## **CONSULTATION**

- 12 The matter was appointed for hearing with the Industrial Relations Commission on 17 July 2017. Following this hearing Council discussed the determination with the relevant unions to provide permanent employment to the affected employees.

## **OPTIONS**

### **Option 1**

- 13 As per the recommendation.

### **Option 2**

- 14 Nil

## **BACKGROUND**

- 15 In 2015, Council was successful in its SRV application to the IPART. This SRV includes a ten year program that enables Council to undertake an expanded infrastructure and works program which includes financial modelling for incremental increases in EFT over a ten year period between 2015 and 2025.
- 16 Council resolved to undertake an increased Capital Works Program in 2016/17 which delivered over \$81.9 million in capital works across the Newcastle local government area. This was an increase of almost \$17 million on 2015/16 achievements which delivered \$64.9 million in capital works.

## **REFERENCES**

Nil

## **ATTACHMENTS**

Nil