



RMTU, NZ Railways Corporation, Ontrack Infrastructure Limited and KiwiRail Limited Multi Employer Collective Employment Agreement 2012/2014

Introduction

In 2010 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 2012.

In May 2012 the parties commenced the negotiation for the renewal of the MECA for the KiwiRail Group of companies.

Your RMTU wider reference bargaining team comprised Howard Phillips, Wayne Butson, John Kerr, Scott Wilson, Doug Blakie, Barry Simpkins, Geoff Young, Buzz Terrey, Eddie Dargaville, Jerry Hohepa, Phil Kearns, Kevin Jones, Hopa Bell, Kasia Kurene, Stu Johnstone, Laurie Hall, Shane McNae, Steve Brown, Myles Carter, Rudi Brens, Glen Hughes, Harvey Patterson, Hayden Smith, Brian Armstrong, Tania Haraki, John Finch, Liz Connell, Newton Popplewell, Chris Hanna, Dean Ngatai, John Maguren, Len Miller, Wally Wallbutton and Mike Williams.

A smaller steering group was elected from this group and also project teams were used to look at specific issues and working groups. Our thanks to the team(s) for their work.

What seemed straightforward to begin became more challenging given the current situation of the NZ economy and the scope and magnitude of the claims/issues that the parties brought to the table.

The complexity of many of the issues we have faced, is illustrated by the documents related to the proposed settlement which 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

The below is a summary of the key aspects of the proposed settlement.

Term

The term of the proposed Multi-Employer Collective Agreement (MECA) is two years from 1 July 2012 to 30 June 2014.

General Wage Increase

- Year One: A General Wage Increase (GWI) of 1.2% on all hourly rates and allowances.
- Year Two: A GWI of 1.78% on all hourly rates and allowances, to take effect on 1 July 2013.

- The Year One GWI will be backdated to 1 July 2012.

RCO rate

KiwiRail agrees to a rate increase to \$25.50 for pay codes 48120 and 41235 (plus the application of the agreed GWI for years one and two).

OJT Allowance

KiwiRail and RMTU will apply the letter of agreement dated 6 June 2012. In addition the \$5 allowance will be paid to LE Minders in Passenger. The increase will be backdated to 1/04/2012.

Mechanical Engineers Pay Rates

The parties agree to the introduction of the Mechanical Pay and Progression provided trade allowances are removed. As a result of the recent external market benchmarking exercise, the hourly pay rates would be as follows (these rates are before any agreed general wage increases over the next 3 years):

<i>Position</i>	<i>1 July 2012</i> Before GWI	<i>1 July 2013</i> Before GWI	<i>1 July 2014</i> Before GWI
Apprentice – 0-50 Credits	\$13.25	\$13.25	\$13.25
Apprentice – 51-100 Credits	\$14.72	\$14.72	\$14.72
Apprentice – 101-150 Credits	\$17.17	\$17.17	\$17.17
Apprentice – 151-200 Credits	\$18.89	\$18.89	\$18.89
Apprentice – 201-250 Credits	\$20.85	\$20.85	\$20.85
Apprentice – Over 251 Credits	\$22.08	\$22.08	\$22.08
Mechanical Engineer Entry level	\$15.72 (no change)	\$15.72 (no change)	\$15.72 (no change)
Mechanical Engineer Level 1	\$18.68 (no change)	\$18.68 (no change)	\$18.68 (no change)
Mechanical Engineer Level 2	\$20.49 (no change)	\$20.49 (no change)	\$20.49 (no change)

Locomotive Serviceperson	\$20.92 (no change)	\$20.92 (no change)	\$20.92 (no change)
Serviceperson Level 1 (Auckland Metro only)	\$20.91 (no change)	\$20.91 (no change)	\$20.91 (no change)
Serviceperson Level 2 (Auckland Metro only)	\$21.25 (no change)	\$21.25 (no change)	\$21.25 (no change)
Train Examiner Maintenance	\$21.54 (no change)	\$21.54 (no change)	\$21.54 (no change)
Mechanical Engineer Level 3	\$21.95 (no change)	\$21.95 (no change)	\$21.95 (no change)
Mechanical Engineer Level 4	\$24.53	\$24.53	\$24.53
Mechanical Engineer Level 5	\$26.55	\$27.88	\$29.09
Mechanical Engineer Level 6	\$28.11	\$29.52	\$31.24
Team Leader Level 1 (Non Trades)	\$25.30	\$25.30	\$25.30
Team Leader Level 2 (Non Trades)	\$28.18	\$28.18	\$28.18
Team Leader Level 3 (Trades)	\$30.45	\$30.45	\$30.45
Team Leader Level 4 (Trades)	\$33.92	\$33.92	\$33.92

The above Team Leader roles/pay rates will replace the existing Team leader pay structure. Transition for existing Team Leaders will be (all effective 1 July 2012):

- Team Leader Appointment Level, Level 1 and 2 will transition to the new Team Leader Level 3 rate,
- Team Leader Level 4 will transition to the new Team Leader 4 rate.
- Note – there are no current staff on Team leader Level 3 therefore transition arrangements are not required.

Freight Locomotive Engineers Progression

KiwiRail agrees to pay KiwiRail Freight Locomotive Engineers other than those paid under Pay Scale 1, who hold or have held diesel certification and who meet the required progression criteria post LE-5th year (i.e. The LEs paid the special rates 1-7 and the LEs paid Grade 1 5th year rates) will commence following OJT on pay code 48475, progress to pay code 48485 after a year and thereafter progress to the next

rate (e.g. Grade1 5th year to Special 1 or Special 2 to Special 3) at 3 yearly intervals.

Please note that current Locomotive Engineers will not skip special grades, they will progress to the next special and will not move until completing 3 years at that level. Anniversary date become 1 July of each year.

This will require the following words contained in the Rail Ops Manual to be amended as follows:

“The pay advancement progression for Locomotive Engineers within Pay Scale 6 pay rates in the Collective Agreement are:

- *Special 7 - 22 years permanent service on the locomotive running staff since last permanent appointment (paycode 48565)*
- *Special 6 - 19 years permanent service on the locomotive running staff since last permanent appointment (paycode 48555)*
- *Special 5 - 16 years permanent service on the locomotive running staff since last permanent appointment (paycode 48535)*
- *Special 4 - 13 years permanent service on the locomotive running staff since last permanent appointment (paycode 48525)*
- *Special 3 - 10 years permanent service on the locomotive running staff since last permanent appointment (paycode 48515)*
- *Special 2 - 7 years permanent service on the locomotive running staff since last permanent appointment (paycode 48505)*
- *Special 1 - 4 years permanent service on the locomotive running staff since last permanent appointment (paycode 48495)*
- *Grade 1, 5th Year - 1 year after obtaining first grade qualification (paycode 48485)*
- *Grade 1, 4th Year - Date of obtaining first grade qualification (paycode 48475)*

18.1 Progression within the ‘special’ grades

Progression within the ‘special’ grades is based on:

- *Grade 1 certification, and*
- *Work and conduct are satisfactory, and*
- *Orals and refresher courses are undertaken as and when required and completed satisfactorily, and*
- *Capable of performing the work of a Locomotive Engineer in the ‘special’ grade Progression within the two Grade 1 steps (i.e. Grade 1, 1st year to Grade 1, 2nd Year) is by annual increment”.*

Note. The Trainee Loco Engineer (OJT) rate 48443, the Train Operator rate 48415, and the Trainee Loco Engineer (classroom) rate 48441 remain unchanged as do all Loco Engineer Grades and Specials that apply to Tranz Metro Locomotive Engineers.

Remote Control Operators

KiwiRail agrees to change the designations of Freight RCO's level B and A (pay codes 48120 and 48110) to Mainline Remote Control Operator (pay code 48120) and Terminal Remote Control Operator (pay code 48110).

KiwiRail agrees to increase the pay rate for pay code 48120 and 41235 (Passenger RCO's) to \$25.50/hr.

In addition KiwiRail will change the designation of Picton and Wellington RCO's to Mainline Remote Control Operator (pay code 48120) and increase the pay rate to \$25.50/hr in line with other Mainline Remote Control Operators.

The new rate will be backdated to 1 July 2012 (plus the application of the agreed GWI for years one and two).

Passenger LE – Progression through to the Specials

KiwiRail agrees that Passenger Locomotive Engineers will be able to progress through to the Special Grades.

This agreement will be implemented at 1 July 2012. All Locomotive Engineers in Grade 1, 5th Year with the required length of service as a permanent LE (11 years) or more will progress through to Special 1 (pay code 48495) as of 1 July 2012.

The initial step for eligible employees will be to Special 1 and then employees will thereafter progress in accordance with the progression criteria.

Progression through all Locomotive Engineer Grades and Locomotive Engineer Special Grades for Passenger Locomotive Engineers will be subject to satisfactory performance as an LE in line with the Rail Operating Manual.

Tranz Metro Train Managers

KiwiRail agrees to the introduction of career progression for Tranz Metro Train Manager's and will adopt the below progression criteria.

The new rates will be backdated to 1 July 2012 (plus the application of the agreed GWI for years' one and two).

Passenger Tranz Metro Train Manager Progression and Rates

Grade 4 - After the successful completion of 10 years continuous service as a TM \$21.75

Grade 3 - After the successful completion of 7 years continuous service as a TM \$21.43

Grade 2 - After the successful completion of 4 years continuous service as a TM \$20.81

Grade 1 - Commencement rate \$20.48

Tranz Metro Train Manager Progression Criteria

The progression from one grade to another is dependent on the Train Manager having the appropriate years of continuous service as a Train Manager and on the following:

- The successful completion of two consecutive safety observations
- No un-reconciled short pay-ins.
- No written warnings as an outcome of a disciplinary action
- No unexplained absences from rostered trains and/or other scheduled activities such as training initiatives over the past 12 months
- Train Managers who currently have existing warnings on their personnel files will need to wait for these to be timed out prior to them advancing to the next applicable grade.

Tranz Metro Wairarapa

KiwiRail agrees to the introduction of career progression for Tranz Metro Wairarapa Train Manager's and movement to new rates provided and adopt the progression criteria.

The new rates will be backdated to 1 July 2012 (plus the application of the agreed GWI for years' one and two).

Tranz Metro Wairarapa Train Manager Progression and Rates

Grade 4 - After the successful completion of 10 years continuous service as a TM \$22.35

Grade 3 - After the successful completion of 7 years continuous service as a TM \$22.03

Grade 2 - After the successful completion of 4 years continuous service as a TM \$21.41

Grade 1 – On certification as a Wairarapa TM \$21.08

Commencement rate \$20.48

Tranz Metro Wairarapa Train Manager Progression Criteria

The progression from one grade to another is dependent on the Train Manager having the appropriate years of continuous service as a Train Manager and on the following:

- The successful completion of two consecutive safety observations
- No un-reconciled short pay-ins.
- No written warnings as an outcome of a disciplinary action
- No unexplained absences from rostered trains and/or other scheduled activities such as training initiatives over the past 12 months
- Train Managers who currently have existing warnings on their personnel files will need to wait for these to be timed out prior to them advancing to the next applicable grade.

Tranz Scenic Train Manager Pay Rates

KiwiRail agrees that all KiwiRail Passenger Long Distance Train Managers will move to ordinary hourly rates as per level 1 or 2 within pay scale 11. Train Manager Level 1, pay code

66400 \$22.03 per hour and Train Manager Level 2, pay code 66405 \$22.35 per hour.

On the Job Training

KiwiRail agrees that the existing KiwiRail Freight OJT allowance (in the KiwiRail Freight Schedule - code GLTR - \$3.09 per hour) will be extended to KiwiRail Freight Mechanical Engineering employees who agree to engage in on the job training supervision of employees in safety critical positions.

Coal Loading or Unloading

KiwiRail agree to delete the reference to Mt Maunganui and Lyttelton from clause 4 of the schedule so that the allowance is paid to any rail operator loading or unloading coal. This applies to Freight Terminal Operations employees only.

NON FINANCIAL CLAIMS - Administrative issues

KiwiRail and the RMTU will amend the MECA to reflect such issues as amending the terminology KiwiRail Network to KiwiRail Infrastructure and Engineering, amending the Mechanical Schedule, updating the Pay Schedules, the Business Unit Schedules and the Memorandum of Understanding.

Drug and Alcohol Policy and Procedures

The parties agree to the KiwiRail Drug and Alcohol Policy and Procedures which include the introduction of random testing. The parties agree that there is currently no standard for oral fluid testing. Should a new Australia / New Zealand standard be developed the parties will review the policy.

Contractors

The I&E and RMTU 'Agreement for Delivery of the Turn Around Plan' agreement will be renewed for the term of the agreement.

For the term of this agreement KiwiRail undertakes to provide third party contractors with a schedule of KiwiRail's hourly base rates for relevant work covered by this agreement and require them to assure KiwiRail management that they will pay at or above these hourly base rates. This new clause will be inserted within clause 29 - Contracting Out of the MECA.

CT Market Study

KiwiRail agrees to conduct a wage relatively study to identify if the current CT rates of pay meet the market median.

This study will be conducted by DSD Consulting using data gathered from similar Container Terminal Operators including the Ports, using comparable Terminal Operator roles. The study will be conducted during the first year of this agreement and results will be shared with the KIC.

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 employees' RDO are voluntary. If the employee attends a medical on an RDO they will be paid 4 hours relevant daily pay.

Health and Safety Disclosure

KiwiRail agrees to add additional wording to Clause 21.4-Employer Obligations. "Disclose information and reports relating to health and safety issues that are brought to its attention and deal with such issues promptly".

Sick Leave

KiwiRail agrees that absences on sick leave and domestic leave are deducted from an employee's sick leave entitlement on the basis of 1 day deduction for each shift absent on sick or domestic leave. For clarity the existing provision for any absence of less than four hours in a week not being deducted from sick leave entitlement will remain.

Travel Privileges

KiwiRail agrees to set the travel privileges discounted rate at 75% off the premium fare and update the Travel Privileges clause within the MECA.

Refueling of Locomotives / Forklifts

KiwiRail has identified that there are opportunities to refuel locomotives and forklifts. The parties agree that such fueling can be proposed by KiwiRail at worksites that do not have servicing staff.

LE's will not fuel locomotives on step on step off shifts.

Any implementation process, site specific, will be facilitated through the KIC, MIC and in conjunction with local representation. For the avoidance of doubt, such site specific discussions will include but are not limited to – rostering, hours of duty, PPE/facilities, minimum/maximum refueling times per vehicle and interoperability.

CT Site Progression

The outcome of the Container Terminal Operator pay progression working party will be implemented and that the new rates of pay and progression criteria will be incorporated in Pay Scale 8 (plus the application of the agreed GWI for years' one and two).

Tranz Metro On-Board Manning Levels

KiwiRail have agreed to work in collaboration with the RMTU with a view to establish agreed on-board manning levels for all Tranz Metro EMU services. The following reflects the party's discussions.

Desired:

The desired rostered staffing level for TMW EMUs will be a Locomotive Engineer and a Train Manager per 2-car set, and where reasonable additional cars thereafter will be staffed in accordance with the matrix below. These desired levels are

also the absolute minimum rostered staffing levels for the Johnsonville line TMW EMUs.

Absolute Minimum:

When the desired rostered staffing levels are not reasonably achievable, the absolute minimum rostered staffing levels for all other TMW EMUs will be a Locomotive Engineer and a Train Manager per 4-car set, and additional cars thereafter will be staffed in accordance with the matrix below.

Tranz Metro EMU On-Board Manning Levels Matrix (Does Not Include LE):

Total Consist Size (Cars)	Desired On-Board Staff per Consist	Absolute Minimum On-Board Staff per Consist
2	1	1
4	2	1
6	2	2
8	3	2

If the absolute minimum staffing levels for TMW EMU's cannot be achieved, then contingency measures such as locking up of cars to meet absolute minimum staffing levels can be implemented.

In addition to the above, Tranz Metro will also:

- In conjunction with the HSAT, develop the Mis7 reporting forms to detail manning levels, number of cars and space for on-board safety comments, for review by the HSAT.
- Extend this joint KR/RMTU manning review to include all Tranz Metro Wairarapa services.
- In conjunction with the HSAT, develop and incorporate reporting on manning levels to be included in the Passenger Group Safety Report.
- Undertake a joint KR/RMTU 12 month review of the manning requirements on all Tranz Metro services, led by the HSAT.

Following this work, KiwiRail also agree to extend this manning review collaboration to include all Tranz Metro Wairarapa services.

Interislander

KiwiRail retains all of its rights to bring forward proposals for change in the Interislander business during the course of the next Agreement period in accordance with the terms of the MECA and utilising the scope of the Industrial Council.

Settlement is subject to ratification by union membership.

Memorandum of Understanding

A Memorandum of Understanding (MOU) will once again form part of the settlement agreement. The MOU will be attached to the MECA. In summary, it deals with the following:

- 5 (five) Industrial councils will be operating during the currency of the MECA. They will be an Interislander, Passenger, Mechanical, KiwiRail Freight and KiwiRail Networks Infrastructure Council(s).
- Book on Book Off Arrangements
- Conversion of 2nd Man Locomotive Running Positions to Rail Operator
- Introduction of part-time Locomotive Running Positions – Tranz Metro Wellington
- Conversion of further Terminal Shunt Operations to Remote Control
- Union Leave
- Privilege benefits – this preserves Wellington Passenger mechanical depots travel benefits and also ex UGL Auckland KiwiRail Mechanical Services travel benefit arrangements on Veolia operated services within Auckland.
- Incorporation of elements of the above settlement where appropriate

SUMMARY

The MECA if ratified shall expire 30 June 2014.

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 namely, KiwiRail Freight, KiwiRail Network Infrastructure and Engineering, Passenger, Interislander and NZRC.

The proposed settlement shall be rejected if more than 33% of the members reject the settlement by the due date, namely 1700hrs Wednesday 12 December 2012

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 Wednesday 12 December 2012. Late papers will not be counted.**
- **If you wish to accept the settlement you need to destroy the ballot paper.**

Wayne Butson
 Advocate - RMTU
 For and on behalf of the KiwiRail Group negotiating team.