

28 September 2017

Salary Offer – Base pay, increments, bonuses, classifications

The additional individual and team based bonuses (called TBCs) rates are one off bonuses which **does not increase your salary**.

The 'base increases' proposed we also consider are misleading. Depending on where employees transition to, Water NSW is suggesting you could have an increase of 0% to 4.2% (not including the bonus).

There is only one guaranteed pay rise as low as 0.1% for some, and as high a 2% for others for a period of 15 months.

The 2017 pay offer is, from 1 July 2017 for 15 months to October 2018:

State Water Corp – 2% (or 1.4% per annum equivalent)

Sydney Catchment Authority – 0.1% (0.08% per annum equivalent)

DPI Water – 0.35% (or 0.3% per annum equivalent)

For SCA and DPI employees, Water NSW has kept their claim to move you from 35 to 36 hours per week, for no extra money.

This means a drop in the hourly rate of 2.86% while the pay rise is either 0.08% or 0.3%.

The only future pay rise for around half of DPI Water employees is 0% or 1% depending on your Mercer Points and where those place you in the new classification structure. Some in the top three bands *may* get an extra 0.7% actual pay rise based on 'outstanding performance'.

For pay rises in years 2 and 3, including the increment through the zones (or steps), is subject to good performance. Water NSW is suggesting that this is only withheld if someone is on a **Performance Improvement Plan (PIP) at the time the pay rises are due**. This is debateable as other documentation indicates that managers need to review each employee's performance in the same way they do for increments now. This would mean any adverse finding by your manager that you haven't improved **could result in no pay rise at all** as both the pay rise and increment would be withheld.

How does the Water NSW pay increase and 'annual total reward' look so good? Increments and bonuses are included.

The figures provided by Water NSW for years 2 and 3 suggest total annual rewards of 3.2% to 10.1% but this is misleading. Included in these figures are:

- the increases to base rates (2% a year), **plus**
- an employee's increment (hidden and incredibly complex) **plus**
- the one off **bonus that does not increase your salary**.



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To break down the actual offer and what it looks like, in terms that employees from SWC, DPI and SCA understand, an example is below for the proposed Level 2 employee. This is after the 2017 pay rises and how it works going to October 2018.

Level 2		Base pay rise %	2018	Zone Rate*	total	Bonus One off	Bonus up to a maximum of
Min	\$51,000	2%	\$52,020	2.2%	\$53,142	0%-4%	\$2,040
Zone 2*	\$52,100	2%	\$53,142	1.3%	\$53,819	0%-4%	\$2,084
Mid	\$53,100	2%	\$54,162	0.5%	\$54,427	0%-4%	\$2,124
Max	\$55,300	2%	\$56,406	0%	\$56,406	0%-4%	\$2,212
Legacy (max)	\$56,300	1%	\$56,863	0%	\$56,863	0%-4%	\$2,252
Above range	\$56,301+	0%	\$56,301	0%	\$56,301	0%-4%	Based on 2017 salary

* the “Zone” rate is similar to the 4 steps most employees have (SWC have 5). It’s calculated as a % of the mid range, and employees may move to the next ‘zone’ or step each year until they reach the top.

**Zone 2 is an estimate as it’s based on a % deviation from the mid-range

As you can see, this is an incredibly complex, hard to understand proposal. Water NSW suggested that the “zone” was determined by the following year’s range. After it was pointed out that this meant no increment for year 3 as there are not year 4 rates, and that it was confusing for the unions let alone how we explain this, Water NSW decided to change this proposal and put the actual rates in a table for each year.

This table has not yet been provided but will be based on the same principles and hopefully will be a lot easier to understand.

New Bonus Scheme – firstly STIs and now TCBs.

The new bonus scheme available to all employees under the new agreement was initially call an “Short Team Incentive” scheme. STI is also the common acronym for Sexual Transmitted Infections. Once this was pointed out, Water NSW changed the scheme to be called Team Contribution Bonus or TCB.



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For year 1, 50% of the TCB is based on safety, or Lost Time Incidents (LTIs). This is when an employee reports an incident where they lose time from work. Management suggested that up to 4 LTIs per year would be accepted, up to 6 LTIs would halve the bonus to 25% and over 6 would remove the bonus for all employees. For years 2 and 3, safety equals 25% of employees' bonus.

When the unions pointed out that this would discourage employees from reporting incidents, Water NSW dismissed these concerns. After one of the managers as a self-nominated bargaining representative raised the same concerns, Water NSW took it seriously but still hasn't proposed an alternative.

For management (based on an example the unions have seen) only 4% of their bonus is based on LTIs. This means employees lose 50% of their bonus while management lose 4% of their bonus. This provides significantly reduced incentive for managers to proactively deal with safety issues for their employees.

In contrast, 20% of management's bonus relates to financial savings, including reducing capital expenditure, operating expenditure, increasing shareholder returns (cutting costs), and increasing the Corporation's earnings.

With 20% of their bonus linked to cost savings and 4% linked to safety, the pressure is on management to cut safety to increase savings so they get a bigger bonus.

The bonus plans include corporation wide, team based and individual based measures. As management can adjust and change this at any time, they can change the bonus rules to save costs easily.

New classifications for everyone

This is a major overhaul of the classification systems. All three organisations use the Mercer system, which have points allocated to result in "mercer points" for each position. Each Grade has points allocated to it, and each position will be allocated to the grade based on the "points to grade table".

Water NSW does not compare itself to the public sector, or to similar organisations such as DPI Water, SCA or Sydney Water. As a result, Water NSW claims that most employees from DPI and SCA are 'overpaid' when compared to the 'general market' or the private sector. This does not take into account the public service nature of the work that people do, nor does it take into account the fact that over the last 30 years, public sector pay rises have been well above the private sector.

Everyone's classification is different, even those in the same grade now.

For Clerk 9/10 employees, some will be graded as a new Grade 7, and some as a Band A.

For SCA Grade 5, some will be graded as a new Grade 6, Grade 7 or Band A.

Just because other employees at your current grade move into one of the new grades, does not mean you will do the same. Your new grade may be higher or lower than someone else currently graded the same as you.



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If your position is graded lower, then you will likely end up in a Legacy Grade, or Above Grade and have a 0% or 1% pay rise so that other employees' salaries will get closer and closer. Rather than maintaining salaries with the base pay rises, Water NSW is cutting wages in real terms for hundreds of employees.

This means that **296 employees will have their real term wages cut, to pay for pay rises** for the 417 other employees. This is on top of the 2.86% reduction in hourly rates for all DPI and SCA employees.

This doesn't sound like a fair and equitable deal for Water NSW employees.

