

13 October 2017

# Water NSW CPSU NSW enterprise bargaining update

## Water NSW – CPSU NSW Enterprise Bargaining Update

Please note: any proposal is subject to CPSU NSW members' endorsement. Your union must ensure any changes to pay and conditions are accepted only on the endorsement of the membership. The details below are tentative in-principle agreement subject to members' approval.

### Bonus scheme proposed by Water NSW

The discussions with Water NSW during the past two days of bargaining have shown the bonus scheme is subject to budget pressures. We were informed by Water NSW that it has budgeted for 80 per cent of the bonus scheme and if too much is paid out, it will make the targets harder to reach the following year.

The current State Water Corp bonus scheme was effectively stopped for the vast majority of employees and we were told at the time, this was due only to budget pressures.

If Water NSW is told to save money, then we expect it to do the same as it has done already, and make the targets (and approval of bonuses) impossible to achieve unless you're one of the select few it supports, there are if any.

Criteria for bonuses – one-off payment so will not increase salaries

#### Year 1

Measure	Not Met	Partially Met	On Target	Above Target	% of total bonus
Safety*	0%	0.5%	1%	1.2%	50%
Customer Centricity **	0%	0.5% (3 out of 5)	1% (3.45 out of 5)	1.2% (3.56 out of 5)	50%
<b>Total</b>	0%	1%	2%	<b>2.4% max</b>	

\* current proposal is to measure Lost Days Incidents. Concerns raised were that this would discourage reporting. Water NSW is seeking any ideas for a good measure that encourages good behaviour

\*\* this is the internal survey, of how internal services are provided. Concerns raised is that all respondents will give 5 out of 5 for everything to maximise bonuses



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### Years 2-3

Measure	Not Met	Partially Met	On Target	Above Target	% of total bonus
Safety*	0%	0.4%	0.8%	1%	25%
Customer Centricity **	0%	0.4% (3 out of 5)	0.8% (3.45 out of 5)	1% (3.56 out of 5)	25%
Team (set by Level 3 Manager)	0%	0.6%	1.2%	1.6%	40%
Compliance (completing required online training modules)	0%	N/A	0.4%	0.4%	10%
<b>Total</b>	0%	1.4%	3.2%	<b>4% max</b>	

**Difference with Management's 40% Bonuses** (we've seen an example of a Manager's Performance Targets that contribute to their Bonuses – this is expected to be similar for most managers)

Measure	Poor, Partial, Good, Great or Brilliant	% of total bonus
Safety*	Up to 4% for Brilliant	10%
Customer Centricity*	Up to 1.6% for Brilliant, 3.7 or more	4%
Totals	5.6% bonus if Brilliant targets met for these two categories	14% of their <b>total</b> bonus

\* Managers have other measures within these categories as well, with added % for each sub-category



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**Other measures that could impact on managers' decision making** (we've seen an example of a Manager's Performance Targets that contribute to their Bonuses – this is expected to be similar for most managers)

Measure	Poor, Partial, Good, Great or Brilliant	% of total bonus
Shareholder Return	Up to 6%, with Great and Brilliant for meeting above target	15%
Operating Expenditure	Up to 4%, with Good, Great and Brilliant being 'met under budget'	10%
Capital Expenditure	Up to 4%, with Good, Great and Brilliant being 'met under budget'	10%
Credit Rating & Capital	Up to 4%, with better outcome for the Corporation, ie, more profitable	10%
Non-regulated profit before taxes etc	Up to 2%, with Great and Brilliant by going above profit target by 20% or more	5%
<b>Totals</b>	Managers can earn a 20% bonus based on the savings they make for the business	50% of their <b>total</b> bonus

Based on this, it seems that there is a lot more motivation for managers to cut costs and make savings rather than keep employees safe, and reduce lost time incidents because of injuries.

**For managers, savings and cost cutting could result in up to a 20 per cent bonus, whereas fewer injuries is a maximum of four per cent bonus.**

