



GENERAL MANAGER'S REPORT

14 June 2005

GM2	ORGANISATIONAL CULTURE
	FILE: * AVB

SUMMARY:

To outline to Council the steps that are being undertaken to introduce a performance pay system and Organisational Values.



At the Council meeting held on the 12th April 2005, Councillor Bowell asked, "Could a progress report on Council's Plan of Management (Manex proposal for payment of performance achievements) be supplied.

Employees of Council are paid under a Local Government Award, which has been negotiated between the Councils representative, ie. Local Government and Shires Association and the various unions.

The award is a skilled-based award. That is, employees are eligible to salary and wage advances on the attainment of skills pertinent to their level of employment. Council has a pay system of twenty - one (21) grades with each grade having four (4) steps. Each employee is graded and has the opportunity to advance to step 4 on the attainment of those skills. As a result, the majority of Kempsey Shire employees are overly skilled for what they do and are sitting on step 4 with no prospect of advancement in the future. This is unsatisfactory from an employee and union point of view.

The unions are pushing for additional skills based steps but this is not considered to be in Council's best interests. Management's objective is to increase the performance of the organisation and to reward that increased performance. To do this staff have been required to collect data on identified Key Performance Indicators. Since 2004 / 05 a performance bonus of \$300 per employee has been paid to staff who achieved the data collection. Details of the data collection are shown ([Appendix A – part 1, part 2, part 3, part 4, part 5, part 6, part 7, part 8, part 9, part 10, part 11,](#)

[part 12](#), [part 13](#), [part 14](#), [part 15](#), [part 16](#), [part 17](#), [part 18](#), [part 19](#), [part 20](#).

The data collection will continue during the 2005/06 year and subsequent years to ensure that the performance measures in the management plans can in fact be measured and reported on. From the data collected, benchmarks are to be established from 2005/06. For example in respect of ADI, " Number of outstanding documents to be filed on the 15th of the month", the benchmark to be set will be an amount less than the current accumulated average of 2769.9 items. Payments in future will be paid on the achievement of benchmarks and the collection of data. Management is currently developing performance steps for the pay system, which will replace the payment of bonuses. The introduction of a performance pay system is designed to significantly increase the efficiency of the workforce.

The introduction of Performance Pay is only one step in the process being introduced to change the culture of the organisation. The other is the adoption and introduction of Organisational Values, which form the basis of our dealings with our customers, determine how Council will operate and which will establish a results driven organisation. Those Values are: -

- ❖ TRUST
- ❖ CO-OPERATION
- ❖ SERVICE
- ❖ INNOVATION AND
- ❖ PRIDE

The Values are changing what is expected by the organisation and provide the staff with a shared vision that binds them together to act as a group, rather than a set of individuals.

The Values were launched at a Customer Service breakfast last year and have since been reinforced through the Management Team leading by example, strong communication and a Values Implementation Team.

Both the attainment of the performance measures and the continuing ownership of our organisational Values were celebrated and reinforced at a breakfast training session on the 12th May at the Kemp Street Ovals. The breakfast was cooked by the Management Team and comprised a sausage and egg roll and fruit juice. The opportunity was also taken to outline staff responsibilities under the Code of Conduct and to ensure that staff were aware of their obligations under the Code. The breakfast was well received by both indoor and outdoor staff and gave everybody the opportunity to undertake important training in an informal atmosphere.

REPORT IMPLICATIONS:

- *Environmental*

Nil

- *Social*

Nil

- *Economic (Financial)*

Improvement to work practices in the long term will deliver cost efficiencies and service improvements that will far outweigh the cost of implementation.

- *Policy or Statutory*

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- *General Manager's Review*

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RECOMMENDATION:

That the information be noted.

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A V Burgess
GENERAL MANAGER