

## POLICIES AND ASSOCIATED PROCEDURES

<b>POLICY NUMBER:</b>	POH120117001
<b>PREVIOUS POLICY NUMBERS:</b>	POH110711001 ( <i>amended 17/01/12 via modifications</i> ) POH070718000 ( <i>amended 11/07/11 via modifications</i> ) POH100324002 ( <i>amended 24/03/10 via modifications</i> ) POH100324001 ( <i>amended 07/07/09 via modifications</i> )
<b>POLICY NAME:</b>	Market Loadings
<b>DATE APPROVED:</b>	13 August 2007
<b>POLICY TYPE AND CATEGORY:</b>	General (People and Culture)
<b>POLICY OWNER:</b>	Vice-President, People and Culture
<b>POLICY ADVISOR:</b>	General Manager, HR Business Services

### 1.0 PURPOSE

- 1.1 To provide a framework for the payment of market loadings with the underlying aim of ensuring the University is competitive in acquiring and retaining the expertise needed to deliver on its strategic priorities. This framework will ensure consistency and transparency of rationale, supporting processes and outcomes.
- 1.2 To provide the ability to attract and retain key staff where prevailing market demand conditions result in the University being unable to compete for key staff primarily because of uncompetitive remuneration.

### 2.0 BACKGROUND

- 2.1 Victoria University recognises that the ability to attract and retain staff who have high level skills and expertise is critical. In order to attract and retain such staff in an increasingly competitive market, the University must offer flexibility in its approach to the remuneration levels of those staff. Provision of a market loading is one such flexible approach – see Figures (i) and (ii) below.

Figure (i): Potential remuneration components of a staff member's salary

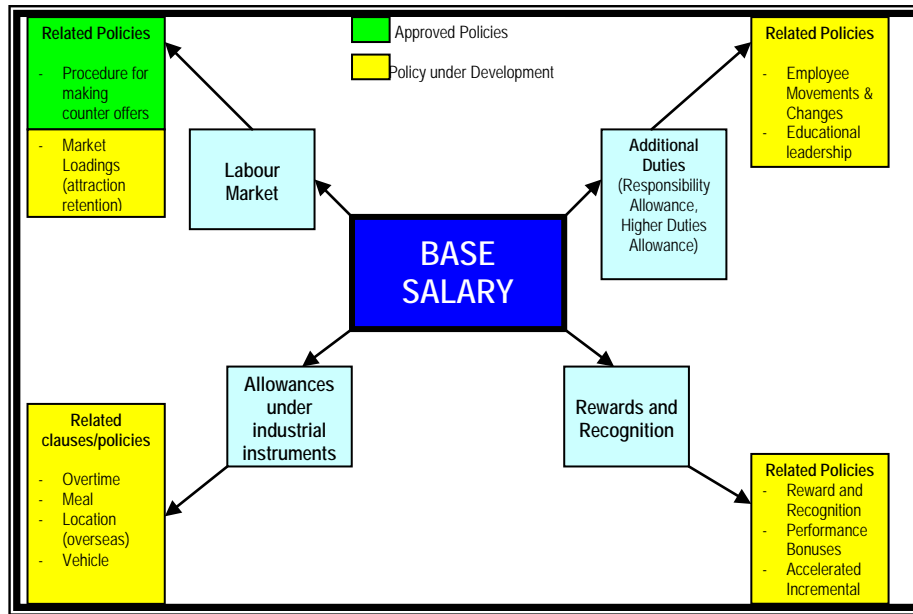


Figure. (ii): Options for attracting and retaining staff through flexible remuneration

	Market Loading	Responsibility Allowance	Accelerated Incremental Progression	Performance Bonus	Counter Offer	Additional Duties (Higher Duties Allowance)
NEW STAFF	√	√	×	×	×	×
EXISTING STAFF	√	√	√	√	√	√

The payment of a market loading should be considered in the wider context of other alternative financial/non-financial benefits designed to attract, retain and reward staff, e.g. counter offer, study assistance and support, flexible working arrangements, access to developmental opportunities, etc.

2.2 Excluded from this Policy are a small number of salary maintenance cases; as well as allowances which are covered by industrial instruments and/or University Policy, e.g. overtime, meal allowances, traveling allowances, and vehicle allowances.

### 3.0 DEFINITIONS

**Attraction Payment** - one-off lump sum taxable payment which is provided as part of an offer of employment.

**Base Salary** – level of pay according to the position's classification and as outlined in the Salary Schedules of the relevant industrial instrument or University policy.

**Market Loading** – a regular taxable payment that is paid for a fixed period of time over and above base salary.

**Responsibility Allowance** – a regular taxable payment which may apply for some educational leadership positions (See Educational Leadership Policy – under development).

**Higher Duties Allowance** – a taxable payment that is paid to a staff member whilst they are undertaking duties above their substantive position.

#### 4.0 KEY WORDS

Market loading; staff performance and development; staff attraction and retention; counter offers; attraction payment

#### 5.0 POLICY

- 5.1 Where there is demonstrated and sustained difficulty in attracting or retaining key staff, it may be necessary to pay a market loading over and above the prescribed salary band and/or incremental step for a period of time to (a) attract and retain key staff, (b) remain a competitive employer, and (c) recognise a high demand for a particular skill/set of skills at a point in time.
- 5.2 Since market forces change with time, periodic review is necessary to determine if the case for the loading, as referred to in 6.2 of this policy, and for the amount of the loading has changed. Market loadings will therefore be paid for a limited period, no greater than three years, and must be reviewed at the end of that period.
- 5.3 Market loadings will be based on a percentage of the staff member's base salary or, in the case of attracting staff, a percentage of the salary for the position being recruited. Market loadings will be no greater than 20% of this salary other than in exceptional circumstances – refer to 6.9 below. The actual percentage recommended should be considered on a case-by-case basis and must take into account:
  - How the increased remuneration relates to the level of the position;
  - The staff member's current salary;
  - The seniority of the position;
  - The degree of specialist skills held by the staff member; and
  - The relevance and significance of the staff member's skills to the University's strategic objectives at the time.
- 5.4 The loading is subject to salary increases awarded under the applicable industrial instrument.
- 5.5 A recommendation for payment of a market loading must be supported by a rationale which, amongst other things, demonstrates internal and external equity considerations (refer to 6.2 below). The potential impact on motivation and team morale needs to be considered. The recommendation must also be consistent with the organizational unit's operational plan and budget, with a clearly identified source of funding over the specified period.
- 5.6 Notwithstanding 5.2 above, payment of a market loading for retention purposes is subject to satisfactory performance as assessed and documented through the Staff Performance and Development Plan (SPDP) process on at least an annual basis during the market loading period.

#### 6. PROCEDURES

- 6.1 A market loading must always be considered in the context of the labour market and may be recommended in the following situations:

- 6.1.1 **Attraction** – a **loading** may be used to attract an applicant to the University where the potential new staff member's skills and experience are deemed as essential for the future success of the University; where uncompetitive remuneration is the primary factor influencing the decision of the applicant to accept (or not) the employment offer. In addition, to facilitate the recruitment of new staff members entering key positions at the University in an area of demonstrated market demand and competition, the potential for a market loading may be included in the job advertisement and a loading negotiated in the course of an offer of employment. The term during which the loading is to be awarded must be specified in the letter of offer and, in line with 5.2 above, would normally be offered for no longer than three years.

An **attraction payment** may be offered as an alternative to a market loading where the University is endeavouring to attract an applicant. It may be more appropriate where the applicant is already earning a salary similar to that being offered by the University but where a one-off incentive payment will secure their acceptance. An attraction payment is a one-off lump sum payment which is provided as part of the offer of employment. The payment would be in addition to any financial assistance provided under the Relocation Assistance for New Staff Policy. Such payment would be made subject to the individual accepting and commencing employment with the University. The amount of the attraction payment will be in line with 5.3 above and approval is in line with the People and Culture Delegations Policy.

Should the employee resign before they have completed three years of employment with the University, the employee must reimburse the University on a pro-rata basis any attraction loading or payment received. For example, should they resign after completion of 20 months service, they would need to reimburse 16/36 of the attraction loading or payment received. The amount payable is deemed to be a debt to the University that can be recovered via the University's normal debt collection procedures. The Vice-Chancellor may waive all or part of the debt in extraordinary circumstances including where the University terminates the staff member's employment other than for reasons of misconduct or poor performance.

- 6.1.2 **Retention** – a loading may be offered to retain a key staff member where the loss of that staff member due to uncompetitive remuneration would negatively impact on the achievement of strategic outcomes of the local area and/or the University. Other options for consideration in assessing whether the payment of a loading is the most appropriate mechanism to address the retention issue, include the making of a counter offer (in accordance with Procedures for Making Counter Offers); changing working arrangements; granting study leave, etc.

- 6.1.3 **Market-related** – a loading may be offered in recognition of current market supply/demand conditions where specific positions or occupational groups are "at risk" by the existence of high demand and superior remuneration packages in the labour market. "At risk" positions are those where:

- 6.1.3.1 There are documented difficulties, e.g. data relating to applicant interest in advertised positions; recruitment consultant information obtained, in attempting to attract and secure experienced staff with the required expertise, ie a clear skills shortage;
- 6.1.3.2 There is unacceptably high turnover of experienced staff in a particular area and higher salaries elsewhere have been documented as being a significant contributing factor; and/or
- 6.1.3.3 There is documented evidence of higher salaries in the market that may affect the ability of the University to retain staff or attract staff in the near future (this may be evidenced by salary surveys, benchmarking, documented evidence of higher salaries for comparable appointments and qualifications or evidence of excessive use of contract labour).

- 6.2 The rationale for recommending a market loading must appropriately include evidence of:
- 6.2.1 Critical skills and experience of the staff member and why these are critical to the local area and/or the University;
  - 6.2.2 How the inability to attract or retain key staff will directly impact on the desired strategic outcomes of the local area and/or the University;
  - 6.2.3 Evidence of salary levels from market data (external remuneration surveys, internal benchmarking exercises, recruitment consultant information, advertisements for similar positions);
  - 6.2.4 Evidence of skills shortages;
  - 6.2.5 Organisation data (job details, employee turnover, recruitment process statistics and feedback, etc);
  - 6.2.6 Confirmation of satisfactory performance as documented through the SPDP review process (for existing staff);
  - 6.2.7 Sufficient budget for funding the loading;
  - 6.2.8 Reference checks which outline a high assessment of performance for new staff members.
- 6.3 Market loadings will be identified as such and recorded separate to base salary on official records, such as payroll records.
- 6.4 Part-time staff in receipt of a market loading shall be paid that loading on a pro-rata basis.
- 6.5 A loading will be continued to be paid to staff whilst they are on approved paid leave and therefore is included in the payment of leave entitlements upon termination.
- 6.6 Market loadings are specific to a particular position; staff in receipt of a loading who are appointed to another position within the University will not retain that loading.
- 6.7 Market loadings form part of an employee's salary for superannuation purposes.
- 6.8 The approval of market loadings of up to and including 20% of the staff member's base salary will be in accordance with A3, B3 and C3 in the Schedule of People and Culture Delegations as set out in the People and Culture Delegations Policy.
- 6.9 Market loadings of more than 20% of the staff member's salary are only approved in exceptional circumstances by one level of management higher than that stated in the Schedule of People and Culture Delegations. For these cases, other options should be considered in the first instance, such as reclassification of position. Where a market loading of above 20% is sought, substantial evidence including a detailed business case will need to be supplied to the approving officer.

## 7.0 CONGRUENCE WITH LEGISLATION AND RELATED POLICIES

- [Victoria University \(Academic & General Staff\) Enterprise Agreement \(current version\)](#)
- [Victorian TAFE Multi Business Agreement \(MBA\) \(current version\)](#)
- Procedures for Making Counter Offers
- Staff Performance and Development Plan (SPDP) Policy
- People and Culture Delegations Policy
- Rewards and Recognition Framework (under development)
- Educational Leadership Policy (under development)
- Employee Movements and Changes Policy (under development)

## **8.0 ACKNOWLEDGEMENT**

- University of South Australia – Market Allowance Guidelines
- University of Western Australia – Guidelines for the Payment of Discretionary Allowances
- Curtin University of Technology – Payment of Additional Remuneration Policy
- Edith Cowan University – Remuneration – Application of Market Related Salary Loadings Policy

## **9.0 CONSULTATION**

With Finance & Staffing Committee in April 2007  
University-wide through GPPS draft policy notices in June 2007

## **10.0 REVIEW**

This Policy will be reviewed in line with the new Reward and Recognition Framework due to be approved later in 2007

## **11.0 ACCOUNTABILITIES**

### **11.1 RESPONSIBILITY**

The Vice-President, People and Culture has responsibility for the implementation and maintenance of the policy.

### **11.2 IMPLEMENTATION PLAN**

This Policy will apply to any new market loadings awarded from the date of policy approval.

Any existing market loadings will remain in place under the conditions under which they were implemented.

### **11.3 TRAINING PLAN**

People and Culture Advisors will provide information to staff with authority to negotiate market loadings with new and existing staff

### **11.4 COMPLIANCE**

### **11.5 EFFECTIVENESS OF THIS POLICY**

People and Culture will monitor the use of this Policy to ensure it is applied appropriately and consistently. A report will be presented to the Finance & Staffing Committee on the use of the policy on a six monthly basis.

## **12.0 POLICY ADVISOR**

General Manager, HR Business Services

## **13.0 FORMS**

## **14.0 APPENDICES**