

# Remuneration - Salary Loadings Procedure

## Section 1 - Purpose / Objectives

(1) This procedure establishes a framework for the recommendation, approval and payment of salary loadings for eligible staff.

## Section 2 - Scope / Application

(2) This procedure applies to all University staff receiving, recommending or approving the payment of salary loadings including; attraction, retention, responsibility and market loadings.

## Section 3 - Definitions

(3) Attraction Loading — An allowance paid to a new staff member for the purpose of attracting them to VU.

(4) Retention Loading — An allowance paid to an existing staff member for the purpose of retaining them as an employee of VU.

(5) Responsibility Loading — An allowance paid to an existing employee for the purpose of appropriately rewarding them for additional or new responsibilities on a temporary basis.

(6) Market Loading — An allowance paid to a new or existing employee in order to match the level of remuneration on offer in the market outside VU.

## Section 4 - Policy Statement

(7) See [Remuneration Policy](#) .

## Section 5 - Procedures

### Part A - Roles and Responsibilities

Role	Responsibilities
Supervisor/Manager	Prepare required documentation for authorising officer approval.
Delegated authorising Officer	Consider the application, and approve or reject, subject to considerations detailed in this procedure.
P& C Business Services	Prepare contract of employment, or variation to existing employment contract, on receipt of approved documentation. Process loading on HR system.

## Part B - Steps to Applying Salary Loadings

### Step 1: Review Criteria of a Salary Loading

(8) A salary loading is a regular taxable payment that is paid for a fixed period of time, or on an ongoing basis, over and above base salary.

(9) The underlying aim of paying salary loadings is to ensure the University remains competitive in acquiring and maintaining the expertise needed to deliver on its strategic priorities. It also provides the ability to attract and retain key staff where prevailing market demand conditions result in the University being unable to compete for key staff because of uncompetitive remuneration.

(10) Salary loadings are subject to salary increases and superannuation contributions provided for under the applicable industrial instrument, unless otherwise negotiated and stated in the contract of employment, or variation to contract of employment.

(11) Loadings are:

- a. specific to a particular position and are not retained if the employee is appointed to another position within the University;
- b. paid whilst on approved paid leave;
- c. paid on a pro-rata basis for fractional staff.

### Step 2: Determining the Level and Term of the Salary Loading

(12) The term of salary loadings are to be determined as follows:

- a. Fixed Term —
  - i. Market Loading - Given that market forces change with time, periodic review is necessary to determine if the case for the loading and 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.
  - ii. Responsibility Loading — Additional responsibilities should only apply on a temporary basis. Where a new ongoing responsibility occurs this should be incorporated into a revised position description and re-evaluated.
  - iii. Retention and Attraction Loadings — May be negotiated as fixed term loadings where the loading is only required for a specific period.
- b. Ongoing —
  - i. Retention and Attraction Loadings — May be negotiated as ongoing loadings where the loading is required on a permanent basis to attract or retain the new or existing staff member.

(13) Salary loadings can be negotiated, calculated and paid on the following basis:

- a. As a percentage of the staff member's base salary. This would normally be the case where it is intended for the loading to increase in line with future salary increases; OR
- b. As a set amount (usually a negotiated "round" figure e.g. \$5,000). This would normally be the case where the loading is a fixed amount for the duration of the period for which the loading is payable, therefore future salary increases would not apply to the loading; OR
- c. As a set amount that reduces in line with salary increases. This can be used where it is appropriate that an employee's base salary will "absorb" the loading as it increases with future salary increases.

(14) Salary loadings will be no greater than 20% of base salary other than in exceptional circumstances. The recommended loading should be considered on a case-by-case basis and must take into account:

- a. How the increased remuneration relates to the level of the position;
- b. The staff member's current salary (if applicable);
- c. The seniority of the position;
- d. The degree of specialist skills held by the staff member;
- e. The relevance and significance of the staff member's skills to the University's strategic objectives at the time;  
and
- f. The hierarchy of salaries within the work area and the University.

(15) Where a Market loading of 20% or greater is sought, substantial evidence including a detailed business case will need to be supplied to the approving officer.

### **Step 3: Determining the type of loading**

(16) A salary loading must always be considered in the context of the labour market and may be recommended in the following situations:

- a. Attraction Loading;
  - i. An attraction loading may be used to attract an applicant with key skills and experience, in circumstances where uncompetitive remuneration may otherwise mean the best applicant declines an offer.
- b. Retention Loading;
  - i. A retention loading may be used 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. A retention loading is normally used in situations where a counter offer is made to ensure the University retains an employee who has been offered employment outside the University. In this situation, managers must follow the procedure set out in the Counter Offer Procedure.
- c. Responsibility Loading;
  - i. A responsibility loading may be used to appropriately reward an employee who is required to take on additional responsibility to their normal role on a temporary basis. This is different to a Higher Duties (HDA) arrangement.
- d. Market Loading;
  - i. A market loading may be used 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:
    - There are evidenced difficulties (e.g. data relating to applicant interest in advertised positions or recruitment consultant information obtained) in attempting to attract and secure experienced staff with the required expertise (i.e. a clear skills shortage); OR
    - There is an evidenced unacceptably high turnover of experienced staff in a particular area due to higher salary benchmarks than what the University currently offers; OR
    - There is evidence that a critical specialised position within the University is being remunerated at a lower level than benchmark salaries of comparable roles outside the University.

### **Step 4: Making The Recommendation**

(17) The rationale for recommending a market loading must appropriately include evidence of:

- a. Critical skills and experience of the individual relative to the needs of the work area.
- b. How this will impact on the desired strategic outcomes of the work area.
- c. Evidence of salary levels from market data, external remuneration surveys, internal benchmarking and advertisements. Or, in the case of a retention loading as a result of a counter offer, information required in line with the Counter Offer Procedure.
- d. Evidence of skills shortages, where appropriate.
- e. Sufficient budget for funding the loading.
- f. Details of the level and term of the salary loading in line with Step 2 above.

### **Step 5: The Approval Process**

(18) Approval of any loading will be as per the [Delegations and Authorisations Policy](#).

## **Section 6 - Guidelines**

(19) Nil

## Status and Details

<b>Status</b>	Historic
<b>Effective Date</b>	8th April 2016
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