

Executive Remuneration and Appointment Policy

Section 1 - Purpose

Introduction

(1) Charles Sturt University (the University) recognises the need to provide market related remuneration with closer links between pay and performance to attract and retain highly skilled and effective executive and senior managers. The University therefore offers executive and senior managers a flexible, performance based remuneration scheme that reflects practices in the general market place.

(2) The scheme provides for five levels of remuneration above the maximum applicable enterprise agreement rates. This enables the University to provide rewards for performance at the organisation, group and individual levels and to review rates regularly against general economic (market) conditions. The University intends to remunerate its executive and senior managers at the median point of the general market, subject to the ongoing achievement of the University's performance objectives.

(3) The scheme promotes linkages between strategic planning, performance management and remuneration.

Objectives

(4) In recognising and valuing the importance of its executive and senior managers in implementing the University's mission, the objectives of the Policy are to:

- a. strengthen the University's ability to attract and retain executive and senior managers of the highest quality;
- b. recognise and reward the performance of executive and senior managers;
- c. recognise and reward the contribution of executive and senior managers to the University's development;
- d. support strategies that enhance the University's position;
- e. strengthen the University competitive advantage, both nationally and internationally, through improved motivation, productivity, efficiency, effectiveness, quality, flexibility and equity; and
- f. foster the development of a positive, productive and performance focused workplace culture, underpinned by cooperative and consultative approaches to work.

Application

(5) This Policy applies to the Vice-Chancellor, Deputy Vice-Chancellors and all other executive and senior managers (i.e. Pro Vice-Chancellor, Executive Deans, Executive Directors, Heads of School, Directors and identified managers) appointed to the five level remuneration structure set out in Part B of this Policy.

Section 2 - Glossary

(6) For the purposes of this Policy, the following definitions apply:

- a. Executive managers - are the Vice-Chancellor, Deputy Vice-Chancellors, Pro Vice-Chancellor, Executive Deans and Executive Directors.

- b. Senior managers - are the Heads of School, Directors and identified managers.
- c. Continuing Appointment - is ongoing employment with the University, and is subject to successful completion of a probationary period, where provided for in an executive or senior manager's contract of employment, and termination and redundancy provisions specified in an Australian Workplace Agreement (AWA), Individual Transitional Employment Agreement (ITEA) or common law contract of employment.
- d. Fixed-term Appointment - is employment with the University for a specific term, and may be made for periods of up to five years, renewable by mutual agreement. Such an appointment is subject to the executive or senior manager meeting the requirements of his or her appointment, including those relating to any specified probationary period and annual performance management reviews made in accordance with the performance management provisions of the Executive Remuneration and Appointment Procedure
- e. Total Employment Cost (TEC) - is the cost of all cash and non-cash benefits that apply to each remuneration level. The benefits offered by the University include employer sponsored and basic benefit levy superannuation, annual leave loading, a motor vehicle, additional superannuation and salary. The TEC also includes the cost of any Fringe Benefits Tax. It does not include items such as payroll tax contribution, or other taxes or arrangements that are not a direct benefit to an employee.
- f. Superable Salary - is the maximum amount of remuneration that an employee can elect to receive as PAYG salary (where PAYG salary means remuneration by way of regular periodical cash payments subject to PAYG tax). It is the nominated salary that is used for notifying the relevant superannuation fund.
- g. Basic Benefit Superannuation - the Basic Benefit is a legislated employer levy for superannuation and forms part of the TEC remuneration package from 1 July 2004.
- h. Novated Lease - is a three-way agreement between an employee, the University and the financier of a motor vehicle. In brief, a novated lease operates to the effect that the University pays, on the employee's behalf, the fortnightly lease payment to the financier. The amount of the payment is deducted from the employee's pre-tax salary. Where an employee ceases his or her employment with the University, the employee is responsible for all payments that are outstanding under the lease.
- i. Performance Based Remuneration (PBR) - is the mechanism by which the University recognises and rewards enhanced levels of performance and achievement. PBR operates through a bonus scheme for executive and senior employees in addition to remuneration progression.

Section 3 - Policy

Part A - Determination of the Remuneration Model

Determination of Remuneration for the Vice-Chancellor and Deputy Vice-Chancellors

(7) The Council determines the remuneration of the Vice-Chancellor, as well as the Deputy Vice-Chancellors, acting on the advice of its Succession Planning Committee and the Vice-Chancellor.

Determination of Remuneration for All Other Executive or Senior managers

(8) The Vice-Chancellor determines the remuneration of all other executive and senior managers covered by this Policy.

Part B - Remuneration Model

(9) There are five classification and remuneration levels for executive and senior managers. The appropriate level is based on work value principles, which take into account the accountabilities and responsibilities of a position.

(10) Each remuneration level provides a 'minimum', 'mid-point' and 'maximum' total employment cost (TEC). The mid-

point TEC is determined annually by the Succession Planning Committee of Council. (See Part D of this Policy.) The minimum TEC is set at 20% below the mid-point and the maximum TEC at 20% above the mid-point.

(11) If the executive or senior manager's performance meets or exceeds requirements, then progression through a remuneration level towards the mid-point will occur annually.

(12) Remuneration above the mid-point of a level is only possible through payment of an attraction/retention allowance or a re-earnable performance bonus.

Part C - Benefits of the Remuneration Model

(13) The benefits of the five level remuneration model are that it:

- a. provides greater access to flexible salary packaging as part of the TEC;
- b. provides for remuneration progression, based on achievement of the employee's accountabilities and performance objectives and contribution to the achievement of the University key objectives;
- c. enables appointment within a remuneration level to be made at any point, based on factors such as experience, internal relativities and/or attraction/retention/ market considerations. Generally, however, new executive and senior managers progress from the 'entry zone', typically between -10% and -20% of the mid-point for the level; and
- d. links overall movement in the executive remuneration model to market forces and University performance.

Part D - Determination of Remuneration Model Increases

(14) Acting on the advice of the Vice-Chancellor, the Succession Planning Committee of Council annually reviews the remuneration rates for executive and senior managers, taking into account remuneration movements in both the higher education sector and the general market, and the University's performance and capacity to pay. These adjustments are normally effective from 1 July each year.

(15) Remuneration rates for executive and senior managers covered by this Policy are not linked to those of other University employees covered by enterprise agreements.

Part E - Determination of Individual Remuneration Packages

Quantum of Packages

(16) Remuneration Levels 3, 2, 1 and above [Vice-Chancellor, Deputy Vice-Chancellors, Pro Vice-Chancellor, Executive Deans and Executive Directors].

(17) The package consists of:

- a. a base salary equivalent to not more than the TEC for the individual employee, less the employee's statutory employer cost of superannuation;
- b. employer contributions to superannuation. (This amount, from 1 July 2004, includes the 3% non-contributory employer levy known as the Basic Benefit). In the event of the appointment of an existing member of the State Superannuation Scheme (SSS), the employee is liable to meet from the package quantum the excess cost of superannuation if that contribution exceeds 14%. The SSS calculation of the employer's cost to superannuation is determined according to the provisions set out in [Appendix 1: State Superannuation Scheme - Superable Salary and Employer Contribution Oncost Calculation](#) ;
- c. private use component of the cost of a fully maintained motor vehicle according to the provisions set out in the [Motor Vehicle Guidelines - Executive Managers](#);

- d. annual leave loading based on the salary for HEW Level 10; and
- e. other cash benefits.

Remuneration Levels 5 and 4 (Heads of School, Directors and identified managers)

(18) The package consists of:

- a. a TEC determined from within the remuneration structure set out in Part B of this Policy;
- b. a base salary equivalent to not more than the TEC for the individual employee, less the employee's statutory employer cost of superannuation;
- c. employer contributions to superannuation. (This amount, from 1 July 2004, includes the 3% non-contributory employer levy known as the Basic Benefit). In the event of the appointment of an existing member of the SSS, the employee is liable to meet from the package quantum the excess cost of superannuation if that contribution exceeds 14%. The SSS calculation of the employer's cost to superannuation is determined according to the provisions set out in [Appendix 1: State Superannuation Scheme - Superable Salary and Employer Contribution Oncost Calculation](#);
- d. annual leave loading based on the salary for HEW Level 10; and
- e. other cash benefits.

Part F - Flexible Salary Packaging

(19) Flexible salary packaging is available at Charles Sturt University (see [Guidelines for the Voluntary Packaging Scheme](#)).

(20) The range of benefit options provided is periodically reviewed to ensure relevance. Options include a motor vehicle, Charles Sturt University childcare, computer products, corporate uniform, subscriptions to professional associations, tuition fees, and contributions to qualifying superannuation funds.

(21) The benefits chosen to be included in a package may be extended to meet individual circumstances after discussion with an independent financial adviser.

Part G - Appointment of Executive and Senior managers

(22) The following principles of appointment apply.

Appointment

(23) The Vice-Chancellor is responsible for the appointment and renewal of fixed-term appointments, the classification of new positions, and the reclassification of existing positions for all positions covered by the five level remuneration model, unless otherwise provided for in the [Delegations and Authorisations Policy](#).

Appointments at Levels 3, 2, 1 and above

(24) Unless determined otherwise by the Vice-Chancellor, appointees to executive positions at Levels 3, 2, 1 and above are appointed on a fixed term basis, and have their terms and conditions specified in an Australian Workplace Agreement (AWA), Individual Transitional Employment Agreement (ITEA), or a common law contract of employment.

(25) The Vice-Chancellor shall inform the Succession Planning Committee of Council of any determination made pursuant to clause 24.

Appointments at Levels 5 and 4

(26) Appointments of Heads of School are made on a fixed-term basis, with a substantive underlying continuing academic appointment, and subject to the Academic Institutional Leadership Positions Appointment Policy .

(27) Unless determined otherwise by the Vice-Chancellor, all other appointees to senior appointments at Levels 5 and 4 are appointed on a fixed-term basis, and have the terms and conditions of appointment specified in an AWA, ITEA or common law contract of employment.

Probation

Application

(28) Unless determined otherwise by the Vice-Chancellor, the provisions of this clause apply to new executive and senior managers employed on either a continuing or fixed-term appointment.

Period of Probation

(29) An executive or senior manager employed on a continuing appointment, or on a fixed-term appointment of three years or longer, serves a probationary period of 12 months.

Waiving or Shortening of Probation

(30) The Vice-Chancellor reserves the right to waive or shorten a period of probation, having regard to the executive or senior manager's prior service, qualifications and experience.

Section 4 - Procedures

(31) The Vice-Chancellor has established procedures for:

- a. remuneration on appointment;
- b. progression to the mid-point of a level; and
- c. remuneration above the mid-point.

(32) These procedures are contained in the [Executive Remuneration and Appointment Procedure](#).

Section 5 - Guidelines

(33) Refer to [Motor Vehicles Guidelines - Executive Managers](#).

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