

# Executive Remuneration and Appointment Procedure

## Section 1 - Purpose

### Objectives of Performance Based Remuneration

(1) Through performance based remuneration (PBR) and performance management, Charles Sturt University (the University) aims to promote strong linkages between the University Strategy, performance management and remuneration.

(2) The objectives of PBR and performance management are to:

- a. improve organisational performance and capability by improving individual performance and capability;
- b. provide the capacity to recognise and reward high performance or manage unsatisfactory performance;
- c. establish clear linkages between the University Strategy, performance agreements and remuneration;
- d. promote greater supervisor involvement in the remuneration and objective setting process; and
- e. support the development of a performance based culture at Charles Sturt University (the University).

### Scope

(3) This Procedure applies to executive and senior managers employed at remuneration levels 5, 4, 3, 2, 1 and above.

## Section 2 - Glossary

(4) Nil.

## Section 3 - Policy

(5) This Procedure supports the [Executive Remuneration and Appointment Policy](#) and applies to both executive and senior managers of the University (also called 'employees' in this Procedure), except where specific reference is made to only one of these employee categories.

## Section 4 - Procedures

### Part A - Roles and Responsibilities

#### Employee

(6) Probation and performance management require the employee and the supervisor to share responsibility for the planning and review of performance objectives and professional development. To this end, the employee actively participates in the setting of performance objectives and professional development activities, consistent with his/her

accountability statement and the priorities of the University.

## **Supervisor**

(7) The supervisor is the officer to whom the employee directly reports. In addition to being responsible for initiating and maintaining the remuneration review process, the supervisor:

- a. in conjunction with the employee, sets performance objectives and professional development activities;
- b. reviews and rates the performance of the employee in relation to accountabilities, performance objectives and the University's key objectives; and
- c. makes a recommendation to the Vice-Chancellor's Leadership Team member responsible for the portfolio on remuneration progression or non-progression, payment or non-payment of a performance bonus to the employee, retention or non-retention of a loading, confirmation or termination of a probationary appointment, and/or the renewal or non-renewal of a fixed-term appointment.

## **Vice-Chancellor's Leadership Team Members**

(8) The Vice-Chancellor's Leadership Team comprises the Vice-Chancellor, Deputy Vice-Chancellors, Chief Financial Officer and Executive Director, People and Culture. Under this procedure each member of the SEC has responsibilities in relation to employees within their portfolio areas.

(9) The SEC member's role in relation to performance based remuneration for employees within their portfolio is to:

- a. consider advice from executive managers on the performance of organisational areas;
- b. consider recommendations from supervisors on remuneration progression and performance bonus payments;
- c. recommend to the Vice-Chancellor an appropriate percentage for remuneration progression and performance bonus payments for eligible managers; and
- d. review decisions regarding remuneration progression as necessary. (See Part F in this Procedure.)

(10) The Vice-Chancellor's Leadership Team member normally meets with the Vice-Chancellor and the Executive Director, People and Culture in June each year to consider remuneration progression and performance bonus recommendations for employees within their portfolio taking into account:

- a. the executive or senior manager's achievements in the preceding 12 month review period;
- b. University achievements in the preceding 12 months; and
- c. parity across all executive and senior managers.

## **Vice-Chancellor**

(11) The Vice-Chancellor is responsible for:

- a. considering recommendations from the supervisor and the Vice-Chancellor's Leadership Team member;
- b. varying performance ratings if considered necessary;
- c. determining the payment and amount of remuneration progression and/or a performance bonus for eligible executive and senior managers;
- d. determining retention or non-retention of a loading; and
- e. determining the renewal or non-renewal of a fixed-term appointment.

(12) The Executive Director, People and Culture (or nominee) advises each executive and senior manager in writing of the Vice-Chancellor's remuneration decision as soon as practicable after it has been made.

(13) The Vice-Chancellor's decision is final and not subject to internal appeal or review.

## **Succession Planning Committee of Council**

(14) The Succession Planning Committee of Council determines the remuneration of the Vice-Chancellor and, acting on the advice of the Vice-Chancellor, that of the Deputy Vice-Chancellors.

(15) Acting on the advice of the Vice-Chancellor, the Succession Planning Committee of Council annually reviews the remuneration rates within the model.

## **Executive Director, People and Culture**

(16) The Executive Director, People and Culture is responsible for the overall management of the Executive Remuneration and Appointment Procedure and process including:

- a. advice to senior managers on the operation of the remuneration model;
- b. oversight of placement of positions and roles within the model;
- c. providing data to assist the University to determine appropriate movement in the model;
- d. providing advice to various SEC members in relation to remuneration within their portfolio roles;
- e. providing advice to the Vice-Chancellor to inform determinations;
- f. providing advice to the Succession Planning Committee of Council;
- g. advising outcomes of the Vice-Chancellor's decisions regarding remuneration;
- h. oversight of equity of the remuneration outcomes.

# **Part B - Appointment of Executive and Senior Managers**

## **Appointment**

(17) 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](#) .

## **Renewal or Non-Renewal of an Appointment**

(18) A fixed-term appointment may be renewed at the discretion of the University for a period of up to five years. The process for the renewal or non-renewal of an appointment prior to the conclusion of the fixed-term appointment is as follows:

### **Step 1**

(19) Normally not less than nine months prior to the expiration of a fixed-term appointment, the Executive Director, People and Culture (or nominee) writes to each executive or senior manager (the employee) for a response as to whether he/she wishes to seek renewal of the contract.

### **Step 2**

(20) The employee provides a written response to the Executive Director, People and Culture in relation to Step 1 within three weeks.

### **Step 3**

(21) The employee's supervisor is asked to confirm the on-going need for the position, or any changes.

#### **Step 4**

(22) Subject to a positive response from the employee and their supervisor, the employee is asked to prepare a written report, outlining his/her achievements to date and goals for achievement during a further period in the position.

#### **Step 5**

(23) The supervisor will consider the report in reviewing the performance of the employee over the period of the current contract and the employee's goals for the future. The supervisor may convene a committee or undertake other suitable processes, such as a 360 feedback process, to inform a recommendation.

#### **Step 6**

(24) The supervisor makes a recommendation to the Vice-Chancellor or the delegated officer, in accordance with the [Delegations and Authorisations Policy](#) , on the renewal or non-renewal of the employee's fixed-term appointment. The recommendation takes into account the needs of the University and the employee's performance.

#### **Step 7**

(25) Other than for contracts considered by the Succession Planning Committee of Council, the Vice-Chancellor or the delegated officer, in accordance with the Delegations and Authorisations Policy , makes the final decision regarding any offer of a further fixed-term appointment.

#### **Step 8**

(26) The Executive Director, People and Culture (or nominee) advises the employee of the University's intention to renew or not renew the appointment, normally not less than six months prior to the expiration of the fixed-term appointment.

### **Part C - Assessment of Probation**

(27) The assessment of an employee on probation is conducted by the supervisor stated in the employee's contract of employment.

(28) An employee on probation is assessed against the accountabilities and performance objectives for the position, and is required to fulfil any special conditions of probation. A final review is conducted prior to the conclusion of the probationary period.

(29) The outcomes of probationary reviews are documented as part of the performance agreement, with signed copies held by both the supervisor and the employee. Either party may append comments additional to those contained in the performance agreement.

(30) The probationary reviews and performance agreement are confidential to the supervisor and the employee during the probationary period, but are made available to the Vice-Chancellor for the purposes of taking action in accordance with clause 33 of this Procedure.

(31) At the time of the final review, the employee's supervisor recommends to the Vice-Chancellor, through his or her supervisor if applicable, that:

- a. the employee's continuing appointment be confirmed;
- b. the employee's fixed-term appointment be confirmed and continue until its expiration; or
- c. the employee's appointment be terminated.

(32) The supervisor may convene a committee or undertake other suitable processes, such as a 360 feedback process, to inform a recommendation.

(33) The decision of the Vice-Chancellor on a recommendation made in accordance with clause 33 of this Procedure is final and not subject to internal appeal or review.

(34) The probationary reviews and performance agreement are forwarded to the Division of People and Culture to be retained on the employee's personal file.

## **Part D - Performance Management**

(35) Details of performance management for executive and senior managers are outlined in this Part.

### **Annual Performance Planning**

(36) Annual performance planning involves employees and their supervisors in:

- a. setting performance objectives for the coming year, based on the employee's accountability statement, the University's key objectives, the Generic Responsibilities of University Staff , and/or feedback from surveys, quality audits and reviews; and
- b. negotiating a performance agreement, which includes a professional development plan, to help meet agreed objectives for the coming year.

### **Annual Performance Review**

(37) Achievements in relation to the performance agreement are reviewed annually. For the purposes of both the annual performance management meeting and performance based remuneration, the period of review is the year from 1 January to 31 December.

(38) It is expected that all executive and senior managers will strive to exceed individual performance requirements in an effort to maximise the University's performance in line with the University's strategic plans.

(39) Items to be discussed in any annual performance management meeting between an employee and his/her supervisor typically include the following:

- a. the employee's specific performance achievements in the past twelve months;
- b. the employee's and University's priorities for the coming twelve month period and the objectives by which the achievement of these priorities will be measured;
- c. the employee's plans for the future (e.g. long service leave, a further appointment, new role, aspirations for their further/increased leadership role at the University, retirement, return to his/her substantive position);
- d. discussion and identification of any professional development priorities for the employee, in line with the above expectations; and
- e. succession planning for the employee's position.

(40) Performance agreements are to be finalised and, for ratings other than 'performs well', submitted to the relevant Deputy Vice-Chancellor or member of the Vice-Chancellor's Leadership Team by the end on May of each year.

(41) Achievement of accountabilities, performance objectives and contribution to the achievement of the University's key objectives are required for executive and senior managers to be eligible for rewards such as:

- a. remuneration progression of up to five per cent towards the mid-point of their level;
- b. a performance bonus of up to five per cent of their current annual remuneration for 'outstanding performance'.

- This is a one-off, lump sum payment that is determined annually and can be re-earned in subsequent years;
- c. retention of a loading (if applicable);
  - d. renewal of their fixed-term appointment; and/or
  - e. participation in the University's professional development schemes.

(42) In addition to the annual performance management meeting, regular feedback sessions are advised.

## **Performance Improvement Plan**

(43) Where the performance of an employee does not meet requirements, then the supervisor and employee develop a performance improvement plan for the employee to implement over the next 12 months, and hold a progress meeting within six months of the annual review to review improvement in performance.

(44) If the specified elements of performance improve sufficiently to be rated as 'performs well' at the progress meeting, then remuneration progression and eligibility for participation in the University's professional development schemes will recommence from the date of the progress meeting.

(45) If significant progress has not been made in relation to the performance improvement plan by the next annual performance management meeting, then the provisions relating to unsatisfactory performance in the employee's contract of employment will take effect.

(46) Where the performance of a Head of School does not meet requirements, an alternative to implementing a performance improvement plan is for the Vice-Chancellor to terminate the Head of School appointment by giving written notice of not less than four weeks or, at the Vice-Chancellor's discretion, payment of salary in lieu of part or all of such notice. If the appointment is terminated by the Vice-Chancellor prior to the specified expiry date, then the employee resumes his or her substantive appointment, effective from the next working day following the termination date.

## **Part E - Remuneration**

### **Annual Remuneration**

(47) Each remuneration level provides a 'minimum', 'mid-point' and 'maximum' total employment cost (TEC). The 'minimum' is calculated at twenty per cent below the mid-point, and the 'maximum' at twenty per cent above the mid-point.

(48) Acting on the advice of the Vice-Chancellor, the Succession Planning Committee of Council annually reviews the remuneration rates within the model, taking into account remuneration movements in both the higher education sector and the general market, and the University's performance and capacity to pay. The recommendations of the Succession Planning Committee of Council are provided to the full Council for consideration and approval.

(49) Annual remuneration moves consistently with the annual adjustment of the mid-point. These adjustments are normally effective from 1 July each year.

### **Remuneration on Appointment**

(50) The commencing remuneration package (TEC: total employment cost) for a new executive or senior manager within one of the five remuneration levels is determined by the Vice-Chancellor, taking into account factors such as skills, knowledge, experience, internal relativities and/or attraction/retention/market considerations.

(51) Typically, new executive and senior managers to the University receive an 'entry zone' remuneration package (TEC) of between -10 per cent and -20 per cent of the mid-point for the level.

(52) Executive and senior managers on continuing appointments, or on fixed-term contracts with an underlying substantive continuing appointment (e.g. Heads of School), do not normally receive a loading in excess of the mid-point of a level, except where provided for by Attraction/Retention Allowances clauses 67 to 68 in this Procedure.

### **Remuneration Progression to the Mid-Point of a Level**

(53) Each year an employee is eligible to move up through a level towards the mid-point. This progress is subject to achievement of accountabilities and performance objectives and contribution to the achievement of the University's key objectives over the past twelve months.

(54) Following the annual performance management meeting, the supervisor may recommend remuneration progression of up to five per cent towards the mid-point, based on the employee meeting or exceeding performance requirements.

(55) The Vice-Chancellor considers the supervisor's recommendation in consultation with the SEC member responsible for the portfolio.

(56) The Executive Director, People and Culture (or nominee) notifies the employee of the Vice-Chancellor's decision in writing no later than mid-July.

(57) Any adjustment to remuneration normally takes effect annually from 1 July in the year that the decision on remuneration progression is made.

(58) The review mechanism for remuneration movement decisions is set out in Part F of this Procedure.

### **Bonus Payments for Outstanding Performance**

(59) To be eligible for a performance bonus, an employee must have worked in the position for at least nine months. Recommendations for a bonus inside this timeframe are only approved in exceptional circumstances. NOTE: All periods of approved paid leave are defined as time worked in the position.

(60) Progression by bonus payment beyond the mid-point of a remuneration level is approved by the Vice-Chancellor for a period of one year. This bonus can be re-earned in subsequent years.

(61) Approval of a bonus payment is based on:

- a. the employee's individual performance as outlined in the performance agreement for the previous twelve month review period;
- b. the relevant organisational area's performance over the same period. NOTE: The organisational area (i.e. the University, Faculty/Division/Office or School/Centre/Department) is defined as the level above the employee's organisational unit. For example, a Head of School's individual performance is assessed in conjunction with the performance of the School and/or Faculty; and
- c. meeting the University's key performance indicator for staff participation in the Performance Management and Development Scheme.

(62) The performance of the organisational areas is determined as follows:

- a. The University's performance is determined by the Council on the advice of the Vice-Chancellor
- b. The performance of all other organisational areas is determined by the Vice-Chancellor on the advice of the appropriate executive manager(s) and with the assistance of the Vice-Chancellor's Leadership Team member responsible for the portfolio.

(63) Where the supervisor determines that the performance of the employee during this period is outstanding, then

the supervisor:

- a. makes a recommendation regarding the percentage of bonus payment to be awarded to the employee (up to 5 per cent); and
- b. forwards the recommendation to the Vice-Chancellor's Leadership Team member, along with the signed performance agreement as evidence of the employee's achievements.

(64) The Vice-Chancellor's Leadership Team member considers the recommendation and holds further discussions with the supervisor and/or employee if required. The Vice-Chancellor's Leadership Team member then forwards the final recommendation to the Vice-Chancellor for consideration.

(65) Bonus payments are one-off payments made as a lump sum and may be awarded each year. They are taxable and non-superable, but are able to be salary packaged. There should be no expectation of regular bonus payments.

### **Attraction/Retention Allowances**

(66) An attraction/retention allowance is available above the mid-point in order for the University to attract or retain the expertise of a particular executive or senior manager.

(67) Attraction/retention allowances are ongoing and superable, and the amount may be reviewed as part of the performance management process on an annual basis.

## **Part F - Reviews of Remuneration Progressions Decisions**

(68) Where an employee, other than a member of the Vice-Chancellor's Leadership Team, has concerns regarding the process undertaken by the supervisor to assess performance and/or perceives bias in the decision on remuneration progression, then the following process applies.

### **Step 1**

(69) The employee notifies the supervisor of his/her concerns, and they attempt to resolve the matter; or

(70) If an attempt to resolve the matter at the supervisory level has already been made and a resolution has not been achieved, then the matter is referred to the supervisor's manager for resolution.

### **Step 2**

(71) If the concerns of the employee remain unresolved following Step 1, then the matter is referred to the Vice-Chancellor's Leadership Team member for consideration and recommendation to the Vice-Chancellor. The employee is required to provide written details of his/her concerns to the Vice-Chancellor's Leadership Team member.

(72) After finalising its review, the Vice-Chancellor's Leadership Team member advises all parties involved, including the Vice-Chancellor, in writing of its recommendation(s).

(73) Where a member of the Vice-Chancellor's Leadership Team has been involved in the resolution process, then he/she is not permitted to participate in the review process or the formulation of the recommendation.

### **Step 3**

(74) The Vice-Chancellor's decision on the recommendation(s) of the Vice-Chancellor's Leadership Team member is final and not subject to internal appeal or review.



## Part G - Flexible Salary Packaging

(75) Flexible salary packaging is available at Charles Sturt University (see Voluntary Packaging Scheme Guidelines).

(76) The range of benefit options provided are periodically reviewed to ensure relevance. Options include a motor vehicle, University childcare, computer products, corporate uniform, subscriptions to professional associations, tuition fees, and contributions to qualifying superannuation funds. The benefits chosen for inclusion in a salary package may be extended to meet individual circumstances after discussion with an independent financial advisor.

(77) Executive managers at Levels 3 and above are eligible to package a motor vehicle for business and private use on a percentage basis. Other senior employees may enter into a novated lease arrangement for a motor vehicle (see Motor Vehicle Use and Costing Guidelines).

(78) To facilitate this flexibility option, eligible executive and senior managers are permitted to salary package up to 100% of their total remuneration package (TEC). The provision of this clause is available to all continuing and fixed-term executive and senior managers, provided that the fixed-term appointment is for a minimum period of twelve months.

(79) The type of benefit available to an executive or senior manager, e.g. novated lease of a motor vehicle, is dependent upon its suitability to the length of the employee's appointment.

(80) Flexible salary packaging requires the employee to meet the full cost of the provision of such benefits as well as associated taxation and administration costs.

(81) Participation in flexible salary packaging is voluntary.

### Disclaimer

(82) Executive and senior managers are advised to seek independent financial advice on the implications of flexible salary packaging. It is emphasised that decisions about participation and the best mix of benefits must be made by individual employees in the light of their own circumstances and independent financial advice.

(83) The University does not accept responsibility for any consequences that may flow from an executive or senior manager's participation in flexible salary packaging.

(84) The University reserves the right to cease operation of or to review and amend the flexible salary packaging arrangements (subject to the constraints of existing contractual obligations), with reasonable notice.

## Part H - Superannuation

(85) The base or 'nominated' salary is the salary rate determined by subtracting the executive or senior manager's statutory employer cost to superannuation from the total remuneration package (TEC).

(86) For members of UniSuper, this figure is currently 14 per cent plus the 3 per cent Basic Benefit levy. For members of the SSS, the percentage varies according to age at entry to the scheme, and is calculated according to the actuarial chart in Appendix 1 (Superable Salary and Employer Contribution Oncost Calculation) and the Basic Benefit levy. For members of the SASS, the oncost percentage is determined on an individual basis by the fund administrator. The University will request an employer liability cost for each SASS member at the review date each year (April).

(87) The nominated salary is the 'superable salary' used for notifying the relevant superannuation fund. This 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).

(88) For the purposes of clause 87, the following items do not count as superable salary:

- a. employer contributions to superannuation;
- b. other cash payments (e.g. entertainment) made for the benefit of the executive or senior manager;
- c. one-off, lump sum payments for performance bonuses; or
- d. cash payments made to the employee by way of reimbursement of expenses incurred by the employee (e.g. travel costs).

(89) Temporary loadings and allowances that are part of the PAYG salary are not included as superable salary for the purposes of the salary package, unless provided for under the rules of the relevant superannuation fund. Examples of temporary loadings and allowances include:

- a. performance loadings which are reviewable; and
- b. higher duties allowances, including secondments.

## **Part I - Resignation or Retirement**

(90) Upon resignation, retirement or movement out of an eligible category of employees, an executive or senior manager's accrued and related leave entitlements are paid at the TEC rate. The unused portion of other benefits is 'cashed out' on a pro rata basis and PAYG deductions made accordingly. For these purposes, the 'package' year is 1 July to 30 June.

## **Section 5 - Guidelines**

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

## Status and Details

<b>Status</b>	Historic
<b>Effective Date</b>	24th May 2014
<b>Review Date</b>	30th June 2015
<b>Approval Authority</b>	University Council
<b>Approval Date</b>	23rd May 2014
<b>Expiry Date</b>	10th May 2021
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