University of South Australia

Market Allowance Guideline

Context and Purpose

This Guideline provides line managers with information on how staff can be remunerated above their classification level prescribed in the *University of South Australia Enterprise Agreement 2023* (the Agreement) and details the process for the approval and review of market allowances.

This Guideline applies to all staff, excluding casual staff and staff whose remuneration arrangements are governed by the Senior Remuneration Committee.

The objectives of this Guideline is to provide:

a. Line managers the ability to attract and retain key staff where prevailing market conditions result in the University being unable to do so due to uncompetitive remuneration;

b. Flexibility to use a market allowance to attract and/or retain staff where the impact of taking no action will detrimentally and significantly impact on the achievement of key strategic outcomes;

c. A framework to ensure consistency and transparency of rationale, supporting processes and outcomes; and

d. A mechanism to maintain the integrity of the classification system and separate position classification and remuneration.

The University recognises the competitive market in which it operates and the importance of attracting and retaining the expertise it requires to deliver on strategic priorities. The following principles guide the approach and administration of market allowance arrangements:

a. Market allowances must be approved in accordance with the approval process below before an offer is made to a staff member or prospective staff member.

b. Market allowances sit outside of a staff member's conditions of employment determined by the Agreement.

c. Market allowances can be based on a percentage of the staff member's base salary or defined as an absolute amount. The allowance may also be subject to salary increases awarded under the Agreement.

d. The market allowance normally attracts the same employer and employee superannuation contribution rate as that applying to the staff member's base salary.

e. New/initial market allowances are for a fixed period of time and are normally for a maximum period of up to three (3) years, reviewed annually at the local level to ensure satisfactory performance.

f. Market allowance payments are not normally greater than 20% of the base salary under the applicable industrial instrument.

g. Fairness together with internal and external equity considerations should be paramount

Responsibility

The Line manager and relevant ELT member are responsible for the application of this Guideline.

The Vice Chancellor, on the recommendation from the ED: PTC may approve a variance to the application of these guidelines.

Definitions

Attraction Allowance - refers to the use of a market allowance to attract an applicant into employment where uncompetitive remuneration is the primary factor influencing the decision to accept the employment offer.

Retention Allowance - refers to the use of a market allowance to retain a key staff member where the loss of that staff member due to uncompetitive remuneration would impact negatively on the achievement of strategic outcomes of the local area and/or the University.

Guidelines

A. Assessing Use of Market Allowance

1. Prior to seeking approval for a market allowance, the line manager must:

    a. Interrogate the influences on the intent to resign from the University to assess if payment of a market allowance is the most appropriate retention mechanism.
    b. Investigate other possible alternative markets for similar skill sets.
    c. Investigate and evaluate the risk of any possible flow on effects within the local area and the University in paying a market allowance.
    d. Compare competitive remuneration on a total employment cost basis and consider other benefits provided by the University when evaluating the competitive proposition (i.e., flexible work arrangements, staff development opportunities, leave provisions, etc.).
    e. Consider how the market allowance will be structured and applied. The market allowance should have a review date (annually) and a pre-determined term.
    f. Seek advice from **Remuneration and Reward** to test the rationale and amount of the proposed market allowance.

B. Approval Process

1. Approval of a new/ initial market allowance will be assessed with reference to the demonstrated merits of the case.

2. To seek approval for a proposed market allowance, the line manager must develop a memo outlining:

    a. A demonstrated analysis and diagnosis of the competitive market pressure.
    b. Any specific criteria associated with the market allowance, e.g. expected performance achievements.
    c. The critical skills and experience the staff member (or potential staff member) has to perform the role and why these are critical to the local area and/or the University.
    d. How the inability to attract or retain the staff member will directly impact on the desired strategic outcomes of the local area and/or the University.
    e. Where applicable, the legitimate risk of unwanted staff turnover that is directly related to uncompetitive remuneration.
    f. Where applicable, past attraction and/or retention experience that establishes the ongoing indications of uncompetitive remuneration and its impact.
    g. The percentage **or** dollar amount to be paid and the period of the allowance (the allowance must be defined either as a percentage of the base salary, or as a fixed annual dollar amount that will endure for the duration of the approved period. Dollar amounts are not subject to increases that may be applied through the Enterprise Agreement).

3. All new market allowance requests should be submitted for VCA approval via **Remuneration and Reward** at remuneration@unisa.edu.au. The memo must be:

    a. supported by the cost centre manager (where that person is not an ELT member); or
    b. supported by the relevant Enterprise Leadership Team member, and
    c. approved by the Executive Director: People, Talent and Culture (where the allowance is less than 20% of base salary)

d. supported by the Executive Director: People, Talent and Culture and approved by the Vice Chancellor (where the allowance exceeds 20% of base salary and/or is greater than a three (3) year period)

C. Allowance Review

1. It is important to conduct regular reviews of the relevant competitive market pressures to continue to understand the comparative position of the University and to ensure the payment of a market allowance is justified and necessary for a further period.
2. Market allowances approved for a period greater than one (1) year require annual reviews to be conducted to continue the allowance.
3. The annual allowance review will be initiated by a Consultant: People Central, with confirmation sought from the line manager, to ensure that performance expectations of the incumbent are being met.
4. Providing the assessment of the staff member's performance is considered to be satisfactory, the Consultant: People Central will advise Payroll Services to continue the market allowance payment for a further period.

D. Extend a Market Allowance

1. Prior to the end of a staff member's market allowance, a Consultant: People Central will contact the line manager to determine if an extension is to be sought. Subject to satisfactory performance by the staff member and on the recommendation of the line manager, the specifically assigned VCA holder (ref Section 7) can extend the initial market allowance on the same basis as the original approval for an additional period up to a maximum of two (2) years. At such time labour market analysis and advice is to be sought from **Remuneration and Reward** to ensure the specifically assigned VCA holder (Section 7) has appropriate advice on salaries and relativities

2. A Manager may initiate an extension of a market allowance no earlier than twelve month prior to the end of an initial allowance.

3. All extensions to market allowances must be submitted for VCA approval via **Remuneration and Reward** at remuneration@unisa.edu.au.
4. Payment of a market allowance beyond the extended two (2) year period, requires a new approval which includes supporting evidence outlined in part B of this Guideline.

E. Reporting

The ED: PTC will provide the Vice Chancellor with an annual report of all market allowances.

F. Further Information

1. Market allowances are funded by the local cost centre.
2. Market allowances are maintained during periods of paid leave and included in the calculation of terminated payments.
3. Market allowances may be paid in addition to other University approved incentives, e.g. performance based remuneration payments.
4. Payment of market allowances will be made through the University's Payroll system.

Related Documentation

> [University of South Australia Enterprise Agreement 2023]
> [Vice Chancellor's Authorisations Framework]
> [Remuneration and Reward Policy (HR-28)]

Responsible Officer: Executive Director: People, Talent and Culture

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