



University of
South Australia

MARKET ALLOWANCE GUIDELINES

1. Application
2. Overview
3. Objectives
4. Guiding Principles
5. Market Allowance Definitions
6. Prior to Making an Offer
7. Business Case
8. Allowance Structure
9. Approval Process
10. Reporting
11. Further information and Funding
12. Responsibilities and Authorities
13. Cross References
14. Further Assistance
15. Attachment 1: Administrative Procedure

1. APPLICATION

These Guidelines apply to all staff, excluding casuals and staff members whose remuneration is determined by the Senior Staff Collective Agreement (2006).

2. OVERVIEW

The guidelines provide managers with the basis against which staff of the University can be remunerated above their classification level prescribed in the applicable industrial instrument.

The purpose of these guidelines is to provide managers with clear information, options and procedures for the approval and review of market allowances.

3. OBJECTIVES

The objectives of these guidelines are to:

- Provide managers with an ability to attract and retain key staff where prevailing market conditions result in the University being unable to compete for key staff, where the primary consideration is uncompetitive remuneration;
- Assist managers to have the flexibility to award an 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;
- Provide a framework to ensure consistency and transparency of rationale, supporting processes and outcomes; and

- The availability of an allowance under these guidelines will assist to maintain the integrity of the classification system and separate the issues of classification and remuneration.

4. GUIDING PRINCIPLES

The University must respond to and be flexible enough to offer remuneration within the competitive markets within which it operates. As such, the following principles are provided:

- Market allowances must be approved (in accordance with the approval process below) before an offer of extended remuneration can be given.
- Market allowances sit outside of a staff member's conditions of employment determined by the relevant industrial instrument.
- 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 applicable industrial instrument.
- The market allowance normally attracts the same employer and employee superannuation contribution rate as that applying to the staff members base salary.
- 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.
- Market allowance payments are not normally greater than 20% of the base salary under the applicable industrial instrument.
- Fairness together with internal and external equity considerations should be paramount.

5. MARKET ALLOWANCE DEFINITIONS

The payment of an allowance under these guidelines can be made with reference to a range of scenarios indicative of competitive market pressures. These definitions are not intended to be all-inclusive, but rather indicative of situations where an allowance could be justified.

Attraction

Refers to the use of an allowance to attract an applicant into employment where uncompetitive remuneration is the primary factor influencing the decision to accept the employment offer.

Retention

Refers to the use of an allowance to retain key staff 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.

It is important to interrogate the influences on the intent to break employment from the University, assess if retention is viable and if the payment of an allowance is the most appropriate retention mechanism.

An example may be one that is commonly referred to as a 'market hotspot'. This relates to a group of professionals that are commanding a market premium due to supply and demand pressures. For example, recent growth in the construction and mining industries has led to skills shortages for

engineers, geologists, surveyors and technical professionals. This 'war for talent' could lead to poaching of UniSA staff with expertise in these areas, therefore the payment of a retention allowance may be utilised in order to retain their skills. Advice to verify and clarify the existence and nature of a 'market hotspot' should be sought from the Remuneration team in the People, Talent and Culture (PTC) Unit.

6. PRIOR TO MAKING AN OFFER

- Investigate other possible alternative markets for similar skill sets.
- Investigate and evaluate the risk of any possible flow on effects within the local area and the University in paying an allowance.
- Seek advice from the Remuneration team (of PTC) to test the rationale and amount of the proposed allowance. This will ensure that the allowance is appropriate and equitable.
- 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.).
- Consider carefully how the allowance will be structured and applied. The allowance should have a review date (annually) and a pre-determined term.

7. BUSINESS CASE

- A business case must be developed by the functional manager to support the payment of the allowance and must be:
 - supported by the cost centre manager (where that person is not an ELT member); or
 - supported by the relevant Enterprise Leadership Team member, and
 - approved by the Executive Director: People, Talent and Culture or Vice Chancellor.

The following elements highlight some of the items that may be included in the business case:

- Include a demonstrated analysis and diagnosis of the competitive market pressure.
- State any specific criteria associated with the allowance, e.g. expected performance achievements.
- List 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.
- Demonstrate 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.
- Where applicable, demonstrate the legitimate risk of unwanted staff turnover that is directly related to uncompetitive remuneration.
- Where applicable, demonstrate past attraction and/or retention experience that establishes the ongoing indications of uncompetitive remuneration and its impact.
- State the percentage or dollar amount to be paid, the period of the allowance and identify local area review periods.
- All new market allowance requests are submitted for approval via marketallowances@unisa.edu.au

8. ALLOWANCE STRUCTURE

Competitive market supply and demand fluctuate over time and this should be recognised and reflected in the manner that allowances are structured. Reviewing the competitive market ensures that the University is able to manage its cost structures with regards to payment of allowances under these guidelines, and to ensure ongoing flexibility and alignment with strategic needs and corporate goals.

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 that the payment of an allowance is justified and necessary on an ongoing basis.

9. APPROVAL PROCESS

9.1 Process of an Initial/New Market Allowance

Approval of an initial/new market allowance will be assessed with reference to the demonstrated merits of the case. Prior to an offer of a market allowance being made to a staff member, a business case must be developed by the functional manager and:

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

9.2 Annual review process for Market Allowances

Market allowances approved for a period greater than one (1) year require annual reviews to be conducted to continue the allowance beyond 12 months.

The annual allowance review will be conducted at the local area by the manager to ensure that performance expectations of the incumbent are being met.

Providing the functional Manager's assessment of the incumbent's performance is considered to be satisfactory, the local PTC Business Partner is required to ensure the appropriate forms are completed and sent payroll to continue the allowance payment for a further period.

9.3 Process to Extend a Market Allowance

Subject to satisfactory performance by the recipient and on the recommendation of the manager, the specifically assigned VCA holder (ref 9.2) 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 may be sought from People, Talent and Culture to ensure the specifically assigned VCA holder (ref 9.2) has appropriate advice on salaries and relativities

All extensions to market allowances approved by the specifically assigned VCA holder (ref 9.2) must be reported to the Remuneration Team via marketallowances@unisa.edu.au.

Payment of a market allowance beyond the extended two (2) year period, requires a new business case which includes supporting evidence such as labour market analysis conducted by the People, Talent and Culture and/or other employment related information (see 9.1 above).

10. REPORTING

The Executive Director: People, Talent and Culture will provide the Vice Chancellor with an annual report of all market allowances.

11. FURTHER INFORMATION AND FUNDING

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

12. RESPONSIBILITIES AND AUTHORITIES

Responsibility for the application of these guidelines rests with the direct line manager and relevant Enterprise Leadership Team member.

The Vice Chancellor, on the recommendation from the Executive Director: People, Talent and Culture may approve a variance to the application of these guidelines.

13. CROSS REFERENCES

- Applicable industrial instrument
- Vice Chancellor's Authorisations Framework
- Remuneration and Reward Policy (HR-28)

14. FURTHER ASSISTANCE

Managers and staff may seek further advice from the local PTC Business Partner or the Remuneration Team in People, Talent and Culture.

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Attachment 1

Market Allowance Administrative Procedure

- 1 The business case is developed by the functional Manager, in conjunction with the local PTC Business Partner. The central People, Talent and Culture Unit can provide assistance with writing the business case and the Remuneration team can be consulted for benchmarking and remuneration advice.
- 2 The local PTC Business Partner forwards the business case to the relevant Enterprise Leadership Team (ELT) member and other managers (as appropriate) for endorsement.
- 3 Once endorsed by the ELT member, the local PTC Business Partner forwards the business case and any supporting documentation to the Executive Director: People, Talent and Culture for review via marketallowances@unisa.edu.au. Market allowances which require approval from the Vice Chancellor will be forwarded by the Executive Director: People, Talent and Culture.
- 4 The Executive Director: People, Talent and Culture informs the relevant ELT member, functional Manager and local PTC Business Partner of the outcome (approval or non-approval).
- 5 The local PTC Business Partner prepares a letter to the staff member advising the terms of the approved market allowance. The correspondence is placed on the staff members personnel file.
- 6 The local PTC Business Partner consults with the staff member regarding their superannuation requirements and completes the [HRIS O16](#) payment form. The form with the email approval attached is forwarded to Payroll Services for processing.
- 7 The allowance is entered on the payroll system for an initial 12 month period. An annual performance review is required for the continuation of the allowance within the approved term. The full period of the allowance is entered in the comments field of the PTC system.
- 8 The local PTC Business Partner identifies from the UniSA Info "Allowance Ending Report" allowances that are due for annual review or renewal. The outcome of the annual review is documented and placed on the staff members personnel file.
- 9 If approved at the local level, the local PTC Business Partner notifies Payroll on the [HRISO16b](#) form to continue payment of the allowance for a further period (up to 12 months). NB: The allowance will not be paid beyond the annual review period without approval from the local area.
- 10 Subject to satisfactory performance by the recipient and on the recommendation of the functional Manager, the relevant ELT member can extend the allowance on the same basis as the original approval for an additional period up to a maximum of two (2) years.
- 11 Where an allowance is extended under the delegation of the relevant ELT member, the email approval and any relevant background documentation must be provided to the Remuneration team, via marketallowances@unisa.edu.au. Following this, the [HRIS O16c](#) form must be completed at the local PTC area and forwarded to payroll with the approval documentation attached.
- 12 Payment of the allowance beyond the two (2) year extended period requires a new business case (in line with the Market Allowance Guidelines, section [9.1 *Process of an Initial/New Market Allowance*](#)) and includes supporting evidence such as labour market analysis conducted by People, Talent and Culture and/or other employment related information.