

PERFORMANCE-BASED REMUNERATION GUIDELINES

- Application
 - Overview
 - Objectives
 - Guiding Principles
 - Links to performance Management
 - Funding
 - Prior to Making an Offer
 - Further Information
 - Responsibilities and/or Authorities
 - Cross References
 - Further Assistance
 - Appendix 1
-

APPLICATION

These Guidelines apply to all staff excluding casuals and staff members whose remuneration is determined by the Senior Remuneration Committee.

OVERVIEW

These guidelines reflect the current endorsed practice of the University of South Australia. The guidelines relate to 'one-off' payments that are made to staff in accordance with a documented performance-based remuneration arrangement.

OBJECTIVES

The University remains cognisant of community perception in the development and application of performance-based remuneration arrangements. The objectives of these guidelines are to:

- Provide managers with the flexibility to attract and retain key staff through a performance-based remuneration arrangement, 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.

GUIDING PRINCIPLES

The University is a diverse organisation both in function and also economic base. The University must respond to, and be flexible enough to support, the diversity of competitive markets within which it operates. The broad principles embodied within these guidelines are as follows:

- Managers must provide a business case to support the performance-based remuneration arrangement. The business case must demonstrate why the performance-based remuneration arrangement is required, the amount or percentage of payment to be awarded, the performance period/cycle and the impact to the local area and/or University once the performance outcomes are achieved. The performance agreement documentation may also be attached.
- Participation in a performance-based remuneration payment sits outside of a staff member's conditions of employment and the relevant industrial instrument.
- Key performance indicators and measures must be established and agreed upon at the commencement of the performance period/cycle. The performance agreement document will be available for review to substantiate any payment.
- Performance-based remuneration payments will be made where performance is demonstrated to be greater than satisfactory performance by the staff member.
- Consideration should be given to corporate objectives, local area and role specific objectives that are above and beyond the normal expectations of the position in the creation of key performance indicators. Specific and targeted outcomes will either be short term in nature or within a performance cycle.
- The University acknowledges that performance is not one-dimensional and that a broad view of outstanding performance must be considered when applying measures against key performance indicators. This must recognise that measures may be both qualitative and quantitative.
- Performance-based remuneration payments will be non-recurrent and payable based on performance achievements within a pre-specified performance period/cycle.
- Prior to any offers being made, a business case, including agreed performance indicators and measures, must be developed by the staff member's manager and:
 - supported by the cost centre manager (where that person is not an Enterprise Leadership Team) member, or
 - supported by the relevant Executive Dean, Research Institute or Central Unit Director or Enterprise Leadership Team (ELT) member, and
 - approved by the Executive Director: People, Talent and Culture (PTC) Unit.
- Performance-based remuneration payments will be no greater than 20% of the base salary under the applicable industrial instrument.

LINKS TO PERFORMANCE MANAGEMENT

These guidelines support the principles of the University's performance management scheme, as outlined in the Performance Management Policy and Performance Development and Management Framework.

A performance-based remuneration arrangement must be linked to the performance management process, as part of the annual performance cycle.

When entering into a performance-based remuneration arrangement, the direct line manager, in consultation with the staff member will develop clear key performance indicators/outcomes that are specifically linked to the performance-based remuneration arrangement. These outcomes will be distinguishable from the agreed objectives contained in the staff member's normal performance plan; however, both need to be considered in the process.

Performance management discussions must be documented to demonstrate achievement of greater than 'satisfactory performance' by the staff member, to support a performance-based remuneration payment.

A staff member will not be entitled to payment under a performance-based remuneration arrangement where performance is equal to or less than satisfactory. Less than satisfactory performance may be addressed through a performance improvement plan (refer to the Performance Development and Management Framework).

The decision whether to enter into a subsequent performance-based remuneration arrangement will be based on a new set of key performance indicators/outcomes linked to the next performance management cycle.

FUNDING

Performance-based remuneration payments will ideally be self-funded, in that the cost of the performance payment should be generated indirectly or directly through achievement of pre-agreed key performance indicators. Whilst not all key performance indicators are easily measurable, quantitative measures are to be implemented wherever possible.

Funding of performance-based remuneration will normally be negotiated at the local level and will be funded from the local cost centre.

PRIOR TO MAKING AN OFFER

- Consider whether other methods of remuneration to attract, retain and motivate staff, such as market allowances, would be more appropriate options.
- Consider and establish key performance indicators and measures and the period of the performance cycle.
- Seek wider advice and counsel from sources internal and external to the University, i.e. the central People, Talent and Culture Unit or a local PTC Business Partner, to test the rationale and amount of the proposed payment. This will ensure that the payment is consistent and equitable.
- Investigate and evaluate the risk of any possible flow-on effects within the local area and the University in implementing a performance-based remuneration arrangement.

Approvals

Prior to an offer being made to a staff member for a performance-based remuneration arrangement, a business case, including agreed performance indicators and measures, must be developed by the staff member's manager and:

- supported by the cost centre manager (where that person is not an ELT member); or
- supported by the relevant Executive Dean, Research Institute or Central Unit Director, or ELT member, and
- approved by the Executive Director: People, Talent and Culture.

Any payment made for the achievement of pre-agreed objectives, as agreed during the performance management cycle and in accordance with these guidelines, must be:

- documented by the staff member's Manager, and
- approved, in accordance with the Vice Chancellor's Authorisations (VCA) Framework, by either the Chief Academic Officer, Chief Operating Officer, Deputy Vice Chancellor: Research and Enterprise, Chief Academic Services Officer, Executive Director: People, Talent and Culture, or the relevant Executive Dean.

FURTHER INFORMATION

- Performance-based remuneration payments may be paid in addition to other University approved incentives, e.g. market allowances.
- Payment of performance-based remuneration arrangements will be made through the University's Payroll system.
- Please refer to the Performance-based Remuneration Administrative Procedures – Appendix 1.
- Performance-based remuneration payments will attract a University superannuation contribution, which will differ depending on the staff member's superannuation fund. Further information is available from the University's Consultant: Superannuation.

Salary Sacrifice

Performance-based remuneration payments may be salary sacrificed into the staff member's superannuation fund. A Salary Sacrifice Agreement (SSA) should be completed and lodged with the University's Consultant: Superannuation at the commencement of the performance cycle.

It is the responsibility of the staff member to contact the University's Consultant: Superannuation to obtain a SSA and, prior to payment being made, confirm salary sacrifice arrangements.

REPORTING

The Executive Director: People, Talent and Culture will provide ELT with an annual report of performance-based remuneration payments.

RESPONSIBILITIES AND/OR AUTHORITIES

Responsibility for the application of these guidelines rests with the direct line manager and relevant senior manager granted authority under the Vice Chancellor's Authorisation (VCA) Framework..

Business cases for any performance-based remuneration arrangement must be approved by the Executive Director: People, Talent and Culture, in accordance with the Vice Chancellor's Authorisations (VCA) Framework.

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

CROSS REFERENCES

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

FURTHER ASSISTANCE

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

Reviewed: March 2008

Updated: August 2009

Amended August 2017

Amended: January 2019

Amended: October 2019

Amended: January 2020

Appendix 1

Performance-based Remuneration Administrative Procedures

Please note that approval for all performance-based remuneration arrangements must be in place at the beginning of the performance cycle, i.e. these payments are not intended to be retrospective “bonus” payments.

- 1 The business case is developed by the Cost Centre Manager, in conjunction with the local PTC Business Partner. The Business Partnership team in the central People, Talent and Culture Unit can provide assistance with writing the business case and the Remuneration team can be consulted for remuneration advice.
- 2 The local PTC Business Partner forwards the business case to the relevant Executive Dean, Research or Central Unit Director or ELT member for endorsement.
- 3 Once endorsed, the local PTC Business Partner forwards the business case and any supporting documentation to the Executive Director: People, Talent and Culture for approval.
- 4 The Executive Director: People, Talent and Culture informs the relevant Executive Dean, Research or Central Unit Director or ELT member, Cost Centre Manager and local PTC Business Partner of the outcome (approval or non-approval).
- 5 Where approved, the local PTC Business Partner prepares a letter to the staff member advising the terms of the approved performance-based remuneration arrangement, including the agreed performance indicators and measures. The correspondence is placed on the staff member's personnel file.
- 6 The local PTC Business Partner consults with the staff member regarding their preference for salary sacrificing into their superannuation fund. A Salary Sacrifice Agreement (SSA) should be completed and lodged with the University's Consultant: Superannuation at the commencement of the performance agreement.
- 7 Following performance discussions between the manager and the staff member, the manager assesses the staff member's actual performance against the agreed objectives and documents the assessment and the quantum of the performance payment. Where a payment is warranted, the documented achievements and a completed [HRIS O17](#) form are forwarded to the Chief Academic Officer, Chief Operating Officer, Deputy Vice Chancellor: Research and Enterprise, Chief Academic Services Officer, Executive Director: People, Talent and Culture, or the relevant Executive Dean for authorisation of the payment. The documented achievements are to be placed on the staff member's personnel file.
- 8 The local PTC Business Partner forwards the signed [HRIS O17](#) form, along with the original approval email from the Executive Director: People, Talent and Culture, to Payroll Services for processing of the payment.
- 9 The Executive Director: People, Talent and Culture will provide ELT with an annual report of all performance-based remuneration payments.
- 10