

# Pay Policy

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# 1. Pay Policy

## 1.1. Background

In 1987 there was a change of emphasis in the Australian system of setting rates of pay and work arrangements. One of the principles introduced was the Structural Efficiency Principle (SEP). The SEP introduced changes such as:

- Wage increases linked to productivity and efficiency improvements.
- Review of work arrangements to introduce multi-skilling and reduce inefficiency created by work demarcation, inflexible work practices and rigid classification structures.
- Movement away from 'paid rate' awards to 'minimum rates' awards to enable employers to compensate employees for productivity improvements.
- Linking salary progression to skills and performance.

In 1994 Waverley Council (*Council*) developed its first pay policy applying the new salary system guidelines which included implementation of the SEP. This resulted in a commitment to continuous improvement of a number of key areas. These areas have been retained and updated in this Pay Policy.

Council is committed to continuing to improve our performance in these following critical areas:

- **Great Customer Service** is a core function undertaken by all employees. Our commitment to Customer Service is reviewed regularly and documented in our Customer Service Charter and a range of other policies. Great Customer Service is a core Council Value.
- **Great Leadership** includes communication of organisational goals, the changing role and responsibilities of managers, motivation and development of employees, and work redesign to improve productivity and efficiency. A range of policies and processes to support improved management practices have been developed and reviewed. Great Leadership is a core Council Value.

- **Management of Lost Time** includes absenteeism and discretionary sick leave. Council's Pay Policy includes a commitment to monitoring and reviewing our absenteeism management processes and procedures.
- **Working Practices and Efficiencies** relates to the use of technology and flexible work arrangements for the benefit of Council and its employees. Council has assessed, and where appropriate, implemented new technologies, for example new software systems. Work arrangements have been reviewed and policies developed relating to part time work and studies assistance, including the *Flexible Work Guidelines* and *Studies Assistance*.
- **Employee Skill Development** opportunities have been provided both formally and informally, needs are assessed regularly and the results of these assessments are fed into the *Workforce Plan*, *Career and Professional Development Guidelines* and the Learning and Development training calendar.

## 1.2. Aim

The aim of Council's Pay Policy is to:

- Document how the salary system is set up and how it works.
- Confirm the development of a genuine skills based pay structure which values the acquisition of skills and their effective use on the job, for the benefit of the public who use our services.
- Outline the development of a fair skills and performance assessment system which all parties (employees and managers) can understand and respect.
- Provide a review process for jobs to develop more efficient, effective and flexible work practices.

## 2. Council's Salary System

### 2.1. Background

When Council's salary system was established a number of issues were addressed, these involved establishing:

- the salary grades (groups) and number of pay ranges (points) in each group;
- the method of progression through pay points in a group; and
- deciding which allowances and above award payments would be maintained.

The salary structure established was designed to:

- provide adequate salary ranges which reflected the intent of the award to adequately recognise skills acquired and used on the job; and
- utilise the six skill descriptors of the award as the major determinants in the establishment of all salary ranges and allocation of positions to groups in the system.

The *Local Government State Award 2010 (Award)* sets out minimum entry levels for all Local Council pay scales in New South Wales and establishes skill descriptors. Such descriptors are used as a basis for allocating positions to each salary grade contained in the Award. The Award specifies that each salary grade must have a number of salary points/steps for progression. The salary groups and salary points in Council's salary system are based on Award requirements.

## 2.2. Salary groups and pay points

Council has adopted a nineteen (19) group salary system with salary point increments of 2.5%. Council's salary system has a skills based pay structure, which is used to determine each position's salary group. There are 7 salary points per group.

Each group has identified minimum and maximum salary points, which sets a defined salary range. The minimum is not necessarily the minimum entry level for the grade and point/step in the Award, as a number of groups have been set commencing at a higher salary level. The minimum points for each group are monitored to make sure that they do not fall below the minimum entry level for the grade and point/step for the position in the Award. Award increases are applied to all salary points and minimum rate increases applied where appropriate.

Specific skill steps have not been identified for positions in Council's salary system, as it is considered that over time they could create artificial or outdated skill steps which may inhibit recognition of genuine skills, knowledge and experience applied on the job. There is also a danger that they would not sufficiently recognise evolving skills required through changing work practices and technologies.

Progression based on skills demonstrated through meeting performance standards has the advantage that no artificial barriers (such as specific skill steps) are created to prevent progression through the salary range. Employees are consulted and advised of future performance and skill criteria at each annual assessment.

## 2.3. Allocating positions to salary groups

The *Local Government Job Evaluation System* is used to allocate positions into groups in Council's salary system. The process used to do this is described in the *Job Design and Evaluation Section* of the Pay Policy.

## 2.4. Commencing salaries for new starters

Council's salary system is designed to acknowledge the range of skills employees bring to a position. In line with the Award, salary on appointment should take into account the following:

- the skills, knowledge and experience of the selected candidate;
- the general availability and cost of similarly qualified resources in the current open labour market.; and
- consideration as to the knowledge, skills and experience of the candidate compared to other applicants, current employees and the degree of development likely to be required for the candidate to be considered fully competent.

Job applicants will be encouraged at interview to provide information on qualifications, skills and experience that they would like taken into account in determining the salary to be offered on appointment. Job applicants may submit this information at any time prior to accepting the offer of appointment.

It is expected that appointments to jobs will generally be made at or below the mid-point in the range. Directors may choose to appoint above the mid-point in the range in exceptional circumstances, such as where the selected candidate shows outstanding skills, abilities, knowledge and experience and where failure to appoint above the middle of the range would result in loss of the best available fully qualified candidate for the job.

In addition, Directors may choose to appoint above level four (4) for an employee who transfers from another position at Council and is paid above level four (4) or in a higher salary grade.

## 2.5. Historical award allowances and payments

The *Local Government Award (1992)* removed a number of allowances which were payable under the previous award. Waverley Council retained some allowances, which include the following:

- **Library shift allowance**

The *Library Shift Allowance* was introduced in 1980 for employees working outside the ordinary spread of hours (8.00am to 5.30pm Monday to Friday and 8.00am to 12noon Saturday). It was paid at a maximum rate of \$38.04 per week. Employees generally worked 2-3 shifts per week when receiving the payment.

The *Library Shift Allowance* does not apply to any employees recruited after 11 March 2002.

- **Service Margin**

*Service Margin* refers to the payment eligible employees may receive of an amount equal to 1% of the appropriate base rate of pay for every year of service after 5 years continuous service. The maximum *Service Margin* payable to any eligible employee is 5%.

The *Service Margin* was retained as a separate above award payment when it was incorporated into Council's *1997 Conditions Enterprise Agreement* and has been retained in the *Waverley Council Conditions Enterprise Agreement 2010 (Enterprise Agreement)*.

- **Bondi Pavilion Employees**

The *Bondi Pavilion Allowance* was paid to employees as a 15% over award amount which was introduced in the mid 1980's and was incorporated into *Council's Conditions Enterprise Agreement* at that time. The payment was introduced instead of overtime, time in lieu or penalty rates for unusual hours worked above 35 hour week.

One position at the Bondi Pavilion currently retains the *Bondi Pavilion Allowance*.



## 2.6. Attraction and Retention Allowances

In order to attract and retain high performing employees, Council has introduced two allowances that can be paid to employees outside the structure of the salary group and pay point for each position.

The main differences between each of the allowances below:

- **Attraction Allowance** – may be used during a recruitment process to secure the most outstanding candidate for the position in circumstances where the candidate's skills and experience will add significant value to the organisation and where changes in labour market conditions and skills shortages mean that Council's rate of pay is not competitive in the market.
- **Retention Allowance** – may be used to retain an existing employee based upon an employee's skills, experience and significant value to the organisation in circumstances where the employee is offered alternative employment or where changes in labour market conditions and skills shortages mean that Council's rate of pay is not competitive in the market.

Both allowances are to be in place for a maximum period of 3 years. At the end of the 3 year period, if a Director decides that the allowance should continue, a report is to be submitted to the General Manager for consideration. The General Manager will make a determination on the request.

Council has a responsibility to the local community to ensure sustainable financial management and in order to achieve this objective must balance the needs of employees and potential employees against the reasonable expectations of the community. Accordingly, Council will only approve Attraction Allowances and Retention Allowances in exceptional circumstances.

The process for awarding Attraction and Retention Allowances and the criteria for each is set out in detail in the *Reward and Recognition Guidelines*.

## 3. Salary Progression

### 3.1. Progression through skills acquisition on the job

Progression in the salary system is based upon the acquisition and use of skills demonstrated by the achievement of performance standards and meeting performance and skills criteria.

In order to progress to the next salary point in the available group, an employee must have a satisfactory Skills and Performance Assessment (SAPA). To achieve a satisfactory assessment the employee must have developed and demonstrated any additional skills required to meet the identified performance standards. Where employees are assessed as meeting performance standards it will be assumed that they have developed the requisite skills for progression and are applying those skills to an acceptable standard.

Key performance and skill standards applicable to all employees have been developed in consultation with Council's Consultative Committee and are reflected in Council's Values. Job specific skill and performance standards are developed in consultation with relevant employees. Council's performance standards for positions will vary over time depending on Council's organisational objectives, technological/systems/process changes and best practice improvements.

Employees must be advised of the performance standards applicable to progression during the performance assessment process and through the development of Work Plans and Balanced Scorecards.

Progression in the salary system may also occur through promotion or job redesign where there has been an expansion or significant change in the skills required to undertake a job – see *Job Design and Evaluation* section of the Pay Policy.

Once an employee reaches the top of the designated salary group for their position, they are not entitled to receive any further progression in the salary system. Council considers that this is appropriate as all positions and employment categories have a maximum value. Changes in the 'value' of a position or employment category can only be accommodated in Council's Pay Policy through our job redesign and evaluation process, which can re-grade a position to a new group in the pay structure where appropriate.

Employees receive other forms of recognition through:

- Award increases.
- Council's *Enterprise Agreement* which provides a *Service Margin* resulting in a 1% increase in remuneration for each 5 years of completed service (to a maximum of 5%).
- Council's *Reward and Recognition Guidelines*.
- Attraction and Retention Allowances.
- Performance bonuses under the annual Skills and Performance Assessment process.

## 3.2. Position Descriptions

A Position Description lists the skills to be demonstrated in the job. These may be in the form of selection criteria but not necessarily limited to the selection criteria.

### 3.2.1. Performance and skills criteria

The *Essential and Desirable Skills Criteria* are intended to cover knowledge, skill and abilities specific to a position, job category or work area. The criteria are developed with reference to the following:

- the work plan for the position (or work area);
- the broader job description;
- competencies for the position;
- relevant legislative requirements for the position;
- day to day duties of the position; and
- nature of the work environment.

As a guide, the *Essential and Desirable Skills Criteria* should be limited to a maximum of 10 and a minimum of 6 criteria. It must cover the key aspects of job specific performance and the duties that are significant, where failure to fulfil them would have a significant organisational impact.

In developing *Essential and Desirable Skills Criteria* the following issues should be considered:

- compulsory criteria under Council's Values;
- job specific WHS requirements;
- job specific legislative requirement;
- reporting requirements; and
- compulsory Equal Employment Opportunity criteria.

Where possible *Essential and Desirable Skills Criteria* should be (SMART), that is specific, measurable, achievable, realistic and time framed.

HR/OD can provide assistance to managers and employees in the development of *Essential and Desirable Skills Criteria* for inclusion in the Position Description.

### **3.3. Annual Skills and Performance Assessment (SAPA)**

Assessment against the application of knowledge and skill is compulsory for all employees. There should be sufficient information provided to the employee for them to be clear about what is required of them. Employee Work Plans and Balanced Scorecards will also be used to measure annual performance and determine progression under the salary system.

In line with the Award, employees will be assessed for progression through the salary range at least annually through the SAPA process.

The assessment process involves completion of the SAPA Form. The process for completion outlined in the *SAPA "How to Guide"* and on the *SAPA Form* itself.

## 4. Job Design and Evaluation

### 4.1 Increased skill demand

Progression in the Pay Policy may also occur through job redesign, which occurs when the skill demands of a position change against core skill descriptors.

For each pay level in the Award, the job demands and level of skill required against 6 core skill descriptors is set out. To progress to the next salary grade the job demands must increase significantly against the Award skill descriptors.

To progress from one pay group to the next does not always require an increase in skill across all skill descriptors as the Award levels often overlap across a number of groups in our salary system. Progression through the salary groups usually requires an increase in skill in at least two or three skills descriptors.

The Award skill descriptors are:

- Authority and accountability.
- Judgement and problem solving.
- Specialist knowledge and skills.
- Management skills.
- Interpersonal skills.
- Qualifications and experience.

It is very rare for a change against a single skill descriptor to lead to progression to another salary group. Whether the skill demands of a position have changed sufficiently to warrant progression through Council's salary system is assessed using the *Local Government Job Evaluation System*.

One other factor that needs to be considered in the job evaluation process is that often as positions progress up the organisational hierarchy some of the technical skill demands decrease whilst others increase and management skill demands increase.

For example, the Payroll Supervisor needs to have either a solid working or comprehensive knowledge of payroll processing and at least a basic knowledge of industrial relations. To supervise payroll processing employees the HR/OD Divisional Manager needs only to have a basic knowledge of payroll processing but to fulfil the broader role would need a comprehensive knowledge of industrial relations.

Similarly, a Tree Management Officer or Tree Operations Supervisor do not need to have the same solid working knowledge of operating tree pruning tools but do retain the need to have a solid working knowledge of arboriculture. The Tree Operations Supervisor is in addition required to have management skills and an in-depth understanding of Council's policies in relation to leadership.

This shifting of skill requirements may result in supervisory positions being valued only slightly higher than the positions that the position supervises. Technical knowledge, skills and experience of anyone appointed to a supervisory position should be taken into account when considering salary on appointment.

## 4.2 Job redesign

In order for job redesign to result in a higher salary grouping, it must also result in positions using a broader range of skills or higher order skills. Formal job redesign will only proceed where it benefits both the employee and the organisation, for example by providing opportunities for multi-skilling and a more effective mix of duties, better efficiency and productivity.

Some positions change as a result of a formal restructure, change process or job redesign process, some positions change gradually over time in response to changed organisational priorities, technology and customer service demands. The former usually occurs where a group of similar positions perform similar functions. The latter tends to occur more often in one-off positions.

It should also be noted that changes in the way work is performed may also be recognised through separate Enterprise Agreements, which can apply to entire teams or Divisions across Council.

## 4.3 Principles for job redesign

The following principles should be considered in the job redesign and evaluation process through the *Local Government Job Evaluation System*:

- Job redesign must be accompanied by consultation, commitment, provision of appropriate support and skill development opportunities.
- Any new activities or task must be meaningful, productive and result in improvements in efficiency, effectiveness or safety.
- Allocation of resources should be efficient and where possible avoid traditional boundaries.
- Allocation of tasks should be feasible and realistic.
- Job redesign should take into account the nature and scope of the work.
- Accountability and responsibility should be commensurate with expertise developed and utilised.
- Regard should be given to equal employment opportunity and work health and safety principles.
- Unnecessary duplication should be eliminated and greater cooperation across work areas facilitated..
- Job redesign should aim to achieve benefits for Council, management and employees.

Job redesign should be a planned process involving consultation with the relevant employee and should be undertaken to achieve specific goals and outcomes.

Steps appropriate to the job redesign process are:

- Identify the pressures/reasons for job redesign/change. Ask 'what are you trying to achieve?' and 'what are the desired outcomes?'
- Identify key issues to be considered in the redesign process such as safety, equal employment opportunity principles, flexibility of processes to allow for future modification.

- Identify constraints – number of employees, equipment available.
- Identify values and principles to be incorporated into the process and/or outcome.
- Identify stakeholders – internal/external. What information will be needed to make effective decisions during the process? How you will collect and respond to concerns of stakeholders?
- Identify required performance standards/levels.
- Analyse the work to be completed and any identified changes required, are there any changes in technology, suppliers, services or legislation involved in the process effective now, are there any we expect in the future?
- Consider decision making and problems solving required? Who will make what decisions? How will work flow? Can the work be improved? Could it be made more fulfilling and satisfying?
- Redraft job descriptions and establish performance standards for positions.

## 4.4 Job evaluation

### ***Step 1 – Review Position Description and Document Changes***

As part of the job redesign process a new position description must be developed. The new position description should focus on the requirements of the job and any changes in the work area. A short summary outlining the changes to the position should be prepared and included in the *Re-Wyatt Assessment Checklist* to be completed by the Manager. These documents and the previous position description are used to assist the job evaluation process.

### ***Step 2 – Assess Whether the Triggers for a Re-evaluation have been met***

As noted above a change in job demands against two to three of the Award skill descriptors can be used as a trigger for assessing whether a position should be re-evaluated and will assist the Award and Remuneration Committee (*A&R Sub-Committee*) in its' deliberations. The role of the A&R Sub-Committee is set out below.



### **Step 3 – Complete the Local Government Job Evaluation Questionnaire.**

The *Local Government Job Evaluation Questionnaire* should be completed by the Manager in the presence of a trained facilitator, being the relevant HR Partner. The facilitator's role is to assist the Manager to complete the questionnaire by explaining the meaning and intention of the questions, and how responding has been standardised through the *Job Evaluation Handbook* which has been tailored especially for Council. The Manager may have an opportunity to review the questions and think through their responses prior to the facilitated session with the HR Partner.

### **Step 4 – Data Entry and Quality Assurance Checks.**

The facilitator enters the responses to the questionnaire into eComp, the *Local Government Job Evaluation Questionnaire* computer program. Once the data is entered a number of quality control checks are completed including a comparison of the evaluated position and the job profile comparison group.

### **Step 5 – Quality Assurance and Equity Checks by the Award and Remuneration Sub-Committee and Consultative Committee.**

The A&R Sub-Committee will assess the old position description compared to the new position description, the summary of changes (including the *Re-Wyatt Assessment Checklist*), responses to the questionnaire and other comparable positions and questionnaires.

If the A&R Sub-Committee considers that the questionnaire responding has resulted in an appropriate assessment of the position the evaluation will be submitted to the Consultative Committee for consideration.

If the A&R Sub-committee does not consider that the questionnaire responses have resulted in an appropriate assessment of the position they may refer questions back to the manager responsible for clarification and production of further evidence.

If the A&R Sub-committee is not satisfied with the response it may recommend to the Consultative Committee that:

- the evaluation be rejected; and
- the evaluation be referred back to the work area or Director for clarification.

## 4.5 Appeals

### ***Support Mechanisms***

Where an employee considers that their position has changed sufficiently to warrant a re-evaluation they may seek the support and assistance of a member of the A&R Sub-Committee to prepare a case for review to their Manager.

### ***Appeals Against Job Evaluation***

In the first instance any complaints about the job evaluation process should be referred to an employee's Manager who can respond or refer it through their Manager to the Director. If the employee is still not satisfied they can request a review by the A&R Sub-Committee.

If an employee is not satisfied with the outcome of the Job Evaluation process they may submit an appeal against the Job Evaluation to the Consultative Committee. The Consultative Committee will consider the appeal and submit a recommendation to the General Manager for consideration.

## 5. Review of Pay Policy

All unions indicated agreement with Council's Pay Policy at the time of development in 1994 and after a review in 1996. The policy was developed in consultation with relevant employees, local union representatives and the Consultative Committee.

The update to the Pay Policy in 2012 incorporates all of the principles agreed by relevant employees, Union Representatives and the Consultative Committee and updates the policy in light of other relevant guidelines adopted across Council, such as the *Reward and Recognition Guidelines*, *Career and Professional Development Guidelines*, *SAPA "How to Guide"* and the updated *SAPA Form*.

This Pay Policy does not form part of the contractual terms and conditions of employment for Council employees. Council reserves the right to review, vary or revoke this Pay Policy at any time.

Any review of the Pay Policy will take into account Council's capacity to pay and current industry practice, for example it is a standard practice to provide caps on progression. If the policy is revised, employees will be informed of any changes. Any comments or suggestions on improving the policy should be referred to HR/OD or the Consultative Committee.