EXECUTIVE REMUNERATION POLICY
2018

The Senate of the University of Sydney, as the governing authority of the University of Sydney, by resolution adopts the following policy.

Dated: 10 September 2018
Date Amended: 24 March 2019

Signature:

Name and Position: Mr David Pacey
Secretary to Senate

CONTENTS

Contents ........................................................................................................... 1
1 Name of policy .......................................................................................... 2
2 Commencement ....................................................................................... 2
3 Policy is binding ..................................................................................... 2
4 Statement of Intent .................................................................................. 2
5 Application ............................................................................................... 2
6 Definitions ................................................................................................ 3

Part 1 – FIXED PACKAGE .......................................................................... 4
7 Principles .................................................................................................. 4
8 Market benchmarking .............................................................................. 5
9 Banding structure ................................................................................... 5
10 Recruitment ............................................................................................. 6
11 Off-cycle remuneration increases ......................................................... 6
12 Managing pay anomalies ....................................................................... 6
13 Loadings and allowances ....................................................................... 7

Part 2 – PERFORMANCE BONUSES ...................................................... 8
14 Executive Performance Bonus Plan ....................................................... 8
15 Objectives and principles ....................................................................... 8
16 Eligibility ................................................................................................ 8
17 Bonus potential ...................................................................................... 9
18 Bonus determination, review and approval ........................................... 9
19 Bonus payment ....................................................................................... 10

Part 3 – ANNUAL REMUNERATION REVIEW ....................................... 10
20 Principles ................................................................................................ 10
21 Fixed package review ............................................................................ 10
22 Review of fixed package bands ............................................................. 11
23 Review of position within fixed package bands .................................... 11
24 Funding .................................................................................................. 12
25 Bonus potential review ......................................................................... 12

Notes ........................................................................................................... 12
1 Name of policy

This is the Executive Remuneration Policy 2018.

2 Commencement

This policy commences on 10 September 2018.

3 Policy is binding

Except to the extent that a contrary intention is expressed, this policy binds the University, staff, students and affiliates.

4 Statement of Intent

This policy:

(a) provides for setting, reviewing and communicating information about remuneration for executive staff;
(b) provides a consistent method for valuing remuneration packages against internal and external benchmarks;
(c) aims to facilitate pay decisions that reward staff fairly and equitably;
(d) provides for managing remuneration anomalies;
(e) provides for managing and paying loadings to executives;
(f) establishes the Executive Performance Bonus Plan and states requirements for its management; and
(g) requires annual review of executive remuneration.

5 Application

(1) This policy applies to:

(a) the following exempt staff, to the extent that it is consistent with contracts of employment in place at the commencement of this policy:
   (i) Vice- Chancellor;
   (ii) Provost and Deputy Vice- Chancellor;
   (iii) Deputy Vice- Chancellors;
   (iv) Executive Deans;
   (v) Deans;
   (vi) Head of School and Deans of University schools;
   (vii) Pro Vice- Chancellors, at Level E;
   (viii) Vice- Provost, at Level E;
   (ix) Vice- Principals;
   (x) General Counsel;
(xi) Director, University Libraries;
(xii) Chief Financial Officer;
(xiii) Chief Information Officer;
(xiv) Chief Human Resources Officer;
(xv) Director, Campus Infrastructure and Services;
(xvi) Chief Risk Officer;
(xvii) Executive Director, Student Administrative Services;
(xviii) Director, Marketing and Communications; and
(b) any other exempt executive role which is determined to be subject to this policy by any written direction by:
   (i) the Vice-Chancellor;
   (ii) Senate People and Culture Committee; or
   (iii) Senate.

6 Definitions

additional duties allowance means a temporary allowance provided for duties significantly beyond the current scope of a role.

bonus potential means the maximum bonus it is possible for an executive to be paid, expressed as a percentage of base salary.

customised research means a customised survey or analysis of remuneration practices of peer organisations.

delegate has the meaning given in the University of Sydney (Delegations of Authority – Administrative Functions) Rule 2016. As at the date of this policy, this is:

   an employee, member or committee of Senate or any other person or entity to whom or to which a delegation has been made by Senate

executive means any staff member to whom this policy applies, as specified in clause 5.

Executive Performance Bonus Plan means the annual short-term incentive program established in Part 2.

exempt staff has the meaning given in the University of Sydney (Delegations of Authority – Administrative Functions) Rule 2016. As at the date of this policy this is:

   staff to whom the University’s Enterprise Agreement does not apply.

Note: As at the date of this policy, this is the University of Sydney Enterprise Agreement 2018-2021
fixed package means the sum of:

- base salary
- loadings and allowances
- employer superannuation provisions.

general market benchmarking means using data from remuneration market surveys that cover more than one Australian industry sector.

HR Partner means a member of the Human Resources Relationship Management team.

industry survey means a survey of remuneration practices for a single industry.

performance year means an annual cycle, commencing on 1 January and ending on 31 December each year, over which performance is measured for purposes of the Executive Performance Bonus Plan, as specified in Part 2.

performance planning and review process means the annual process undertaken to plan, set and review performance goals and objectives for executives, as provided in clause 16.

professional services unit leader means any of:

- Chief Financial Officer
- Chief Information Officer
- Chief Human Resources Officer
- Director, Campus Infrastructure and Services
- Chief Risk Officer
- Executive Director, Student Administrative Services Director, Marketing and Communications.

total reward package means the sum of:

- base salary
- loadings and allowances
- employer superannuation provisions
- bonus potential.

university market benchmarking means using remuneration surveys or disclosed remuneration practices and data from the Australian university sector.

PART 1 – FIXED PACKAGE

7 Principles

(1) The University will pay executives an agreed annual fixed package, which will be the sum of:
Executive Remuneration Policy

(a) base salary;
(b) loadings and allowance; and
(c) employer superannuation contributions.

(2) The fixed package will be the basis for setting, reviewing and communicating executive remuneration packages.

(3) Any changes to an individual component of a fixed package must preserve superannuation contributions consistently with applicable legislative requirements.

Note: Refer to the Australian Tax Office website for more information.

(4) Loadings should only be used for temporary additional duties.

Note: See clause 13.

8 Market benchmarking

(1) The University will benchmark remuneration for executives in order to remain competitive and attract appropriately talented people.

(2) The University will use university market benchmarking for roles that are:
(a) unique to the university market;
(b) hard to locate in the general market; or
(c) readily found in both the university market and the general market, with an available supply in both.

(3) The University will use general market benchmarking for roles that are:
(a) critical, where the University needs to compete beyond the university market to attract appropriate people;
(b) not university specific;
(c) uncommon in the university market, with limited benchmarks; or
(d) subject to a shortage of appropriately qualified people, with premiums being paid for such positions in the general market.

(4) When using market data, the University will benchmark remuneration (where possible) against a peer group of Group of 8 Universities, filtered by faculty if relevant for the role.

(5) When using general market data, the University may use a peer group of organisations with similar staff numbers or comparable locations, provided the sample size of the peer group is sufficient to return meaningful data.

(6) Where it is necessary to compete beyond the Australian university market, the University may use relevant customised research, or overseas or industry surveys for benchmarking for roles.

9 Banding structure

(1) The University will use fixed package bands as a basis for:
(a) proposing, negotiating and setting fixed package for new staff;
(b) adjusting fixed packages when roles are changed;
(c) annual remuneration reviews; and
(d) approved off-cycle reviews in cases such as contract renewal or to retain key staff.

Note: See clause 11.

(2) Each fixed package band includes a minimum and maximum pay range that allows for variation and differentiation based on experience, capability and performance.

(3) The University will review and benchmark all executives against internal and external remuneration data annually.

10 Recruitment

(1) When recruiting or appointing new executives, proposed remuneration should be based on the principles in clause 23.

(2) Fixed packages for new executive staff should not exceed the midpoint of the applicable fixed package band.

(a) Fixed packages above the midpoint:

   (i) must be approved by the relevant delegate before being offered; and

   (ii) should only be used to recruit critical executive staff.

(b) Fixed packages below the midpoint should also be used for:

   (i) less experienced individuals; or

   (ii) individuals who have been promoted into the role.

(3) Where possible, contract renewal dates should be set to correspond with the annual remuneration review process in Part 3 of this policy.

11 Off-cycle remuneration increases

(1) Fixed packages must only be adjusted consistently with Part 3 of this policy.

(2) Increases to executive remuneration outside of the annual review process will only be permitted:

   (a) for contract renewal or retaining key staff; and

   (b) with the approval of each of the Chief Human Resources Officer and Vice-Chancellor.

12 Managing pay anomalies

(1) A pay anomaly occurs when an executive’s fixed package is inconsistent with:

   (a) the fixed package band for their grouping; or

   (b) their performance, experience and capabilities.

(2) If a supervisor believes a pay anomaly may exist, they must obtain advice from Human Resources before discussing the matter with the relevant executive.

(3) If a pay anomaly is identified, the staff member’s supervisor and the Chief Human Resources Officer will:

   (a) develop a plan to address it;

   (b) obtain expert advice where appropriate; and
(c) make recommendations, through the Vice-Chancellor, to Senate People and Culture Remuneration Subcommittee.

Note: Depending on the advice, approval of other delegates may be required. See University of Sydney (Delegations of Authority – Administrative Functions) Rule 2016.

(4) Remuneration adjustments approved by the relevant delegate will be made only during the annual remuneration review process.

Note: Information about the process by which pay anomalies are managed is available on the HR intranet site.

13 Loadings and allowances

(1) An executive may be paid a loading or an allowance only if the individual is:

(a) acting in a temporary role for a continuous period of three months or more, and has been allocated additional duties that are significantly beyond the scope of their substantive role;

(i) In this case, a non-superannuable additional duties allowance may be paid for a period of no more than six months.

(ii) After six months the requirement for an additional duties allowance must be reviewed.

(b) seconded to another role; or

(c) eligible for a loading under the Clinical and Dental Loadings Policy.

(2) An executive is not entitled to a loading or an allowance for:

(a) deputising for a more senior staff member if this is specified in their position description (or equivalent) as a substantive responsibility;

(b) undertaking project-related responsibilities for projects related to or impacting on the executive’s usual responsibility area;

(c) covering the responsibilities of a colleague who is on a period of leave of less than three months.

(3) Any loading or allowance (excluding additional duties allowances) must be considered by the relevant delegate during the annual remuneration review.

(4) Before recommending loadings or allowances, the supervisor must consult their HR Partner for advice on:

(a) whether a loading or allowance may be paid under subclause 13(1);

(b) the appropriate amount of additional remuneration (as a percentage of base salary or fixed dollar amount); and

(c) the length of time the additional remuneration should be in effect.
PART 2 – PERFORMANCE BONUSES

14 Executive Performance Bonus Plan

(1) The Executive Performance Bonus Plan is an annual short-term incentive program which runs from 1 January to 31 December of each year, commencing from 1 January 2019.

(2) In November of each year Senate People and Culture Remuneration Subcommittee will determine annual performance bonus guidelines for the next year, which set out the specific terms and conditions for the performance cycle consistently with the requirements of this Part.

(3) The Chief Human Resources Officer must distribute the annual performance bonus guidelines to each eligible executive by the end of each year.

15 Objectives and principles

(1) The objectives of the Executive Performance Bonus Plan are to:

   (a) recognise contribution to, and impact on, the University’s performance and achievement of its strategic objectives; and

   (b) align executive commitment, engagement and performance in delivering the University’s strategic objectives.

(2) The Executive Performance Bonus Plan is intended to:

   (a) encourage high performance, with the maximum bonus potential realised only when an ‘Outstanding’ performance rating is achieved;

   (b) be transparent, rewarding executives for outcomes for which they have responsibility;

   (c) be fair, with even participation and consistent opportunity;

   (d) be simple, driving performance by being easy to understand; and

   (e) align University values and strategy, by requiring key performance areas based on the University’s values and strategic priorities.

16 Eligibility

(1) To be eligible for a performance bonus, an executive must be a continuing or fixed term staff member (either full-time or part-time), who started on or before 1 July of the performance year.

   (a) Executives employed on or before 1 July of the performance year are eligible for a performance bonus on a pro-rata basis.

   (b) Executives employed on or after 2 July of the performance year are ineligible for a performance bonus for that performance year, unless otherwise approved by the Senate People and Culture Remuneration Subcommittee.

(2) In November of each year the Senate People and Culture Committee will determine the process by which executive performance planning and review will be conducted in the following year.
(a) The Chief Human Resources Officer must provide written details of this process to each eligible executive by the end of the year.

(3) Executives must have completed their performance review for the relevant performance year to be considered for a payment under the plan.

(4) Executives must have successfully passed any applicable probation period to be eligible to be considered for a performance bonus.

(5) Executives who resign or whose employment is terminated before the end of the performance year are ineligible for a performance bonus, unless otherwise approved by the Senate People and Culture Remuneration Subcommittee.

(6) Executives who leave the University after the end of the performance year, but before payment of bonuses (i.e. leave in the first quarter of the following year) are eligible for bonus consideration provided that they meet all other eligibility criteria.

(7) To be eligible for a performance bonus, an executive must have been contributing to the achievement of their key performance areas for at least six months of the year.

(8) An executive who is absent from the workplace for a combined total of more than 14 weeks but less than six months, is eligible to participate in the performance bonus program, on a pro rata basis taking into account periods of absence.

17 Bonus potential

(1) As part of the Annual Remuneration Review (see Part 3), the Senate People and Culture Committee will determine:

(a) a bonus potential range expressed as percentages of base salary for each type of executive role; and

(b) the link between the executive performance rating outcomes, bonus potential and the calculation method for bonus payments;

18 Bonus determination, review and approval

(1) The amount of performance bonus to be paid to an executive will be based on the individual’s performance rating determined through the performance planning and review process.

(2) The executive’s supervisor will recommend a provisional performance bonus payment based on the applicable criteria for that performance cycle.

(a) The base salary used for payment calculation is the participant's base salary at the start of the performance year.

(3) The provisional determinations must then be submitted to each of the following for consideration and, if appropriate, endorsement:

(a) the Vice-Chancellor; and

(b) the Senate People and Culture Remuneration Subcommittee.

(4) The final bonus payment amount for each executive will be determined by the relevant delegate, as provided in the University of Sydney (Delegations of Authority- Administrative Functions) Rule 2016.
19  **Bonus payment**

(1) Performance bonuses will be paid annually as a lump sum, usually in April of the following year.
   (a) Payments will be made through the University payroll and be subject to any relevant income tax withholding.

(2) Performance bonus potentials and payments are inclusive of any employer superannuation contributions.
   (a) If legally required, a superannuation contribution will be deducted from the payment.

(3) Executives who wish to salary sacrifice all or part of their bonus payment must notify the HR Service Centre before the commencement of the University’s annual closedown in December of the relevant performance year.

---

**PART 3 – ANNUAL REMUNERATION REVIEW**

20  **Principles**

(1) The University will review executives’ remuneration in July each year.

(2) The Chief Human Resources Officer will conduct the review process in consultation with supervisors, key stakeholders and relevant delegates.

   **Note:** See clause 11 for off-cycle remuneration increases.

(3) The review will consider:
   (a) whether fixed packages should be adjusted (including assessment of any loadings); and
   (b) bonus potentials for participants in the Executive Performance Bonus Plan.

(4) The Chief Human Resources Officer will determine the timetable and process for the annual remuneration review in March of each year and will inform executives of them in writing in April of each year.

21  **Fixed package review**

(1) The executives’ supervisors and the Senate People and Culture Remuneration Subcommittee will review fixed packages.

(2) This review will take into account:
   (a) the current executive remuneration structure, including fixed package bands and comparative market remuneration data;
   (b) the individual’s current position within the fixed package band for their level;
   (c) loadings or allowances, as provided in clause 13;
   (d) individual performance;
   (e) the economic environment; and
   (f) the University’s ability to pay for any remuneration increases.
(3) The following factors are relevant to consideration of the economic environment:
   (a) salary movements in the market (which may vary by faculty, portfolio of responsibility, or professional services unit), based on supply and demand factors relating to particular jobs or skills;
   (b) inflation;
   (c) legislative or regulatory requirements;
   (d) economic conditions, whether local, national or international.

(4) Any adjustments to remuneration will be effective from the beginning of the first pay period in July.

22 Review of fixed package bands

(1) The University’s Human Resources unit must update the benchmark data underpinning the executive fixed package bands annually.

(2) The Chief Human Resources Officer must consider this review and recommend any adjustment to the fixed package bands to the Senate People and Culture Remuneration Subcommittee.

Note: Refer to Part 1 for further information on market benchmarking and setting fixed pay bands.

23 Review of position within fixed package bands

(1) When making recommendations to change an executive’s relative position within a fixed package band, the relevant supervisor and the Senate People and Culture Remuneration Subcommittee must consider:
   (a) the executive’s relative position within the current fixed package band; and
   (b) their performance in their role.

(2) Decisions on positioning within fixed package bands should be based on the following principles.

(a) **Upper end of the band** is appropriate if the executive is consistently:
   (i) performing at a high level;
   (ii) highly capable, and applying unique or critical skills; and
   (iii) making significant, high quality contributions relative to others at the same level.

(b) **Middle of the band** is appropriate if the executive is consistently:
   (i) performing effectively;
   (ii) meeting the key requirements of their role; and
   (iii) demonstrates the key capabilities required to make positive contributions.

(c) **Lower end of the band** is appropriate if the executive:
   (i) may be new to the role or to the level;
   (ii) is developing some of the capabilities to meet all the key requirements of the role;
(iii) may be performing inconsistently;
(iv) may not be making consistent high quality contributions relative to others at the same level.

(d) Positioning within the band should be based on the consistent level of performance, contribution and impact made by the executive over time, and should not be influenced by short term performance.

(3) An executive’s most recent performance rating should be taken into consideration when making decisions regarding any proposed changes in remuneration.

24 Funding

(1) Fixed package increases will depend on the University’s ability to fund them, including the corresponding effect on related payments such as bonuses and superannuation.

(2) The Senate People and Culture Remuneration Subcommittee will determine the amount of any budget increase for executives as a group, during the annual remuneration review.

(3) Remuneration increases must not exceed the allocated budget.

25 Bonus potential review

(1) The relevant supervisor and the Senate People and Culture Remuneration Subcommittee will review each executive’s participation in the Executive Performance Bonus Plan and their bonus potential during each annual remuneration review.

(2) The objectives of this review should be to ensure that bonus potentials are:

(a) consistent with the market: benchmarking and market practice should guide the participation and size of bonus potentials; and

(b) internally consistent: there should be even participation and consistent bonus potentials within each executive grouping.

NOTES

Executive Remuneration Policy 2018

Date adopted: 24 August 2018
Date commenced: 10 September 2018
Date amended: 24 March 2019
Administrator: Chief Human Resources officer
Review date: 24 August 2023
Related documents:

- University of Sydney (Delegations of Authority – Administrative Functions) Rule 2016
- University of Sydney Enterprise Agreement 2018-2021
- Clinical and Dental Loadings Policy.

## AMENDMENT HISTORY

<table>
<thead>
<tr>
<th>Provision</th>
<th>Amendment</th>
<th>Commencing</th>
</tr>
</thead>
<tbody>
<tr>
<td>5(1)(a);6</td>
<td>Remove reference to Deputy Registrar and replace with reference to Executive Director, Student Administration Services</td>
<td>24 March 2019</td>
</tr>
</tbody>
</table>