

**Position Classification and Salary Progression (Grade 8)**

**5.5.52.2**

Policy No. and Title	5.5	Conditions of Employment Policy
Procedure	5.5.52.2	Position Classification and Salary Progression (Grade 8)
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**INTRODUCTION**

The purpose of this Guideline is to provide information on Kempsey Shire Council’s position classification framework and salary progression system for positions classified as Managers (Grade 8) and invited Senior Professionals (Grade 7) under Councils position classification system. Management positions will align with the Executive salary band (Band 4) under the Local Government (State) Award 2017, while Senior Professionals will align with the Professional Band (Band 3 Level 4).

A Remuneration System essentially determines how employees are paid. Council recognises its most valued asset is its people, and a remuneration system is an important way to ensure that employees are rewarded for the valued work they undertake.

Council is committed to ensuring that the remuneration practices as detailed in this Guideline are:

- Fair, equitable and consistent, providing equal opportunity to all employees;
- Competitive to attract and retain employees, being within Council’s capacity to pay;
- Provide the opportunity for employees to progress based on capability acquisition and demonstrated application of competence; and
- Provide the opportunity for management to reward high performing employees.

**DEFINITIONS**

**Classification System**

A Classification System determines the work value of a job, to determine how employees are remunerated.

**Grade**

Grade is a class for various positions which require a similar level of expertise, judgement and accountability. Please note that the grade is based only on the duties of the position. It does not consider the skills and/or experience, or the employee assigned to the position.

## Pay Point

Pay point, sometimes referred to as Level, is a remuneration point along a scale between the lowest and highest remuneration paid within the grade that reflects an employee's skills, experience, and performance in a position, at a point in time.

## Reclassification

Reclassification is the change of a position from one classification grade to another classification grade due to a significant change in the duties and responsibilities of the position.

## Relativities

Relativities is the extent the assigned grade is in-line with other positions requiring similar skills, knowledge and experience.

## CLASSIFICATION STRUCTURE

### Classification Methodology

The classification of a position involves the analysis of a position and placing of it in a Grade within the classification structure. It is a process by which a position is categorised and ranked for remuneration administration purposes. Council uses the skill descriptors in the Local Government Award 2017 (clause 5) to classify all positions within the organisational structure. [See Appendix 'A'](#).

All management level positions within Council's structure are aligned with the Executive Band of the Award and are classified as Grade 8.

## REMUNERATION PACKAGING

### 4.1 Total Remuneration Packaging

A Total Remuneration Packaging (TRP) approach is applied to management and selected senior professional positions in Council's structure. To ensure Council maintains an attractive employee value proposition, Council offers each officer flexibility in determining the balance between cash and non-cash benefits. Packaged components could include:

- Salary
- Superannuation
- Motor vehicle allowance
- Pre-tax salary sacrificing
- Other cash or non-cash benefits

For example, if an officer decides to forego the private use of a council supplied motor vehicle, then the employee may elect to increase the cash component of their TRP.

## SETTING THE REMUNERATION BROADBAND

### Council's Pay Position

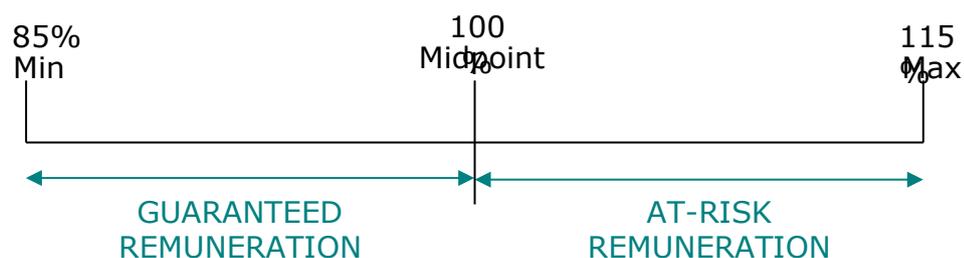
On 4<sup>th</sup> May 2015, Council introduced the current position classification framework. At that time the entry-level pay points for each grade were originally set at 10% above the Award rates. This decision was based on a combination of the cost of living within the Kempsey region and market factors to attract and retain talented employees.

To undertake a valid market comparison of remuneration currently paid to managers, Council uses Quartile 1 (25th percentile) of the General Market which is commonly used for Government and Non-Profit Sector positions. For management positions, Council's preferred pay-position is the mid-point of the first quartile (Q1) i.e. 100th percentile.

### Setting the Broadband Remuneration Range

The breadth between the lower and upper limits of the broadbands for Grade 8 and invited Grade 7 position holders are set 30 percentile points apart. The lower end is equal to the 85<sup>th</sup> percentile of Q1 and the higher end is equal to the 115<sup>th</sup> percentile. Within these broadbands are two components to the employee's remuneration – Guaranteed and At-Risk. Guaranteed remuneration covers from the 85% compa-ratio (minimum) to the 100% compa-ratio (midpoint). The Fixed Remuneration component is guaranteed remuneration. That is, once a pay point within the remuneration range has been achieved by an employee, it cannot be reduced.

The At-Risk Remuneration covers from 101% compa-ratio (above the midpoint) to 115% compa-ratio (maximum). This remuneration component is at-risk. That is, the remuneration of an employee between 101% and 115% compa-ratio may be varied upwards or downwards based on outcomes achieved linked to the position holder's performance management plan. (see diagram below).  
[See Appendix 'B'](#)



### New Appointees to Management/Senior Professional Positions

Generally, the appropriate pay-point for new appointees is between the 85th and 95th percentile of Q1 as this recognises, they may not yet be fully competent. However, where an experienced officer is appointed, the Director may assign a compa-ratio up to the 100<sup>th</sup> percentile. The General Manager shall approve a TRP over the 100<sup>th</sup> percentile.

## Market Factor Component

In exceptional circumstances, Council may need to apply a market factor to attract/retain a highly skilled candidate in a job market where there is a limited supply of suitably experienced and/or qualified people. When this is the case, the General Manager may assign a TRP between the 116<sup>th</sup> percentile and the 125<sup>th</sup> percentile, for up to three years under a maximum term contract (subject to Local Government Act provisions). A reassessment of market conditions will be undertaken before the expiry of this term to determine whether to continue to include a market factor component within the manager's TRP.

## Monitoring Remuneration Market Movements

Each year a review of the remuneration bands for Grade 8 and invited Grade 7 positions is undertaken by the Executive Leadership Team (ELT). The Manager Organisation Development and Performance shall provide ELT with comprehensive advice about remuneration trends within the Local Government Sector, and economic indicators (detailed below).

A) Economic Indicators such as:

Consumer Price Index (CPI) (*Measures quarterly changes in the price of a 'basket' of goods and services*) - Australian Bureau of Statistics (6401.0).

Wage Price Index (*Total hourly rates of pay excluding bonuses*) - Australian Bureau of Statistics (6345.0).

Average Weekly Ordinary Time Earnings (AWOTE) (*Level of average gross weekly earnings*) - Australian Bureau of Statistics (6302.0)

B) Determinations published by statutory remuneration tribunals such as:

New South Wales Local Government Remuneration and Tribunal – NSW Government Remuneration Tribunals

Statutory and Other Officers Remuneration Tribunal – (Public Sector Senior Executive) NSW Government Remuneration Tribunals

C) Published reports that detail changing trends in remuneration market movements within the Australian Local Government Sector, such as:

McArthur National Local Government Remuneration Survey - McArthur Consultants

LG NSW Remuneration Report - Local Government NSW

Other reports detailing remuneration trends within specified professions

D) Regional wage growth – consideration is given to remuneration growth within public and private sector organisations across the mid-north coast of NSW.

E) Financial Sustainability - consideration is given to Council's financial position to align the total allocation of remuneration increases to what Council can sustain.

## Salary Progression

Employees appointed to positions classified as managers and select senior professionals will progress based on the achievement of performance objectives related to the position set in consultation with the employee. As the terms and conditions of employment of managers and senior professionals are governed by the Local Government (State) Award, award increases shall be applied to these employees' TRP from 1 July each year.

## Salary Review Process

July	Directors/Managers meet with managers/senior professionals to discuss the employee's performance during the foregoing financial year, in relation to the employee's performance management agreement.
July	The Manager, Organisation Development and Performance shall provide ELT with a comprehensive analysis of remuneration trends.
August	<p>ELT will meet to confirm the methodology for determining remuneration increases, consider the performance assessments of each manager/senior professional, and discuss the remuneration report prepared by the Manager Organisation Development and Performance. The General Manager, shall Chair this meeting, moderate the performance assessments undertaken by Directors/Managers, and arbitrate decisions if consensus between ELT members cannot be achieved.</p> <p>ELT will also determine:</p> <ul style="list-style-type: none"> <li>- Changes to the broadband remuneration ranges for Grade 8 and 7 positions;</li> <li>- Determine the compa-ratio to be assigned to each manager/senior professional within the broadband ranges;</li> <li>- Determine the value of the motor vehicle benefit; and</li> <li>- Determine the mix of components that comprise the TRP i.e. guaranteed remuneration, at-risk component, market factor, and bonus payments</li> </ul>
August	The Manager Organisation Development and Performance shall prepare updated remuneration schedules for each employee, for the respective Director to sign and communicate the outcome to the manager/senior professional. Approved increases to TRP shall take effect from 1 <sup>st</sup> July each year.
September	Disputes will be adjudicated by the General Manager.

### VARIATION

The General Manager reserves the right to review, vary or revoke this procedure which will be reviewed periodically to ensure it is relevant and appropriate.

### FURTHER INFORMATION

For further information about the information contained in this guideline, please contact the Manager Organisational Development and Performance.

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## Appendix 'A'

### 5. Skill Descriptors

The Local Government Award (State) 2017 structure consists of skill-based bands and levels that are defined according to the following skill descriptors:

**(xi) Professional/Specialist (Band 3 Level 4)**

**Authority and accountability:** Accountable for the effective management of major sections or projects within their area of expertise. As a specialist, advice would be provided to executive level and to the employer on major areas of policy or on key issues of significance to the organisation. The position's influence would have an important role in the overall performance of the function.

**Judgement and problem solving:** Positions would determine the framework for problem solving or set strategic plans with minimal review by senior management. At this level, the position may represent senior management or the employer in the resolution of problems. The oversight of problem solving and assessment of the quality of judgements made by less qualified staff will apply at this level.

**Specialist knowledge and skills:** Positions require knowledge and skills for the direction and control of a key function of the employer or major functions within a department. Positions require expert knowledge and skills involving elements of creativity and innovation in addressing and resolving major issues.

**Management skills:** Positions may direct professional or other staff in the planning, implementation and review of major programs, as well as participating as a key member of a functional team.

**Interpersonal skills:** Interpersonal skills in leading and motivating staff will be required at this level. Positions require the ability to negotiate on important matters with a high degree of independence. Positions are required to liaise with the public and external groups and organisations.

**Qualifications and experience:** Specialist tertiary qualifications in an appropriate field of study combined with extensive practical experience in all relevant areas in order to plan, develop and control major elements of work.

**(xii) Executive (Band 4)**

**Authority and accountability:** Accountable for the direction and control of the employer or a department or the like. Influence and commit the employer or a department or the like to long-term strategic directions. Lead policy development and implementation.

**Judgement and problem solving:** Positions solve problems through analytic reasoning and integration of wide-ranging and complex information and have a high level of independence in determining direction and approach to issues.

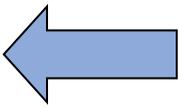
**Specialist knowledge and skills:** The position requires the application of a range of specialist knowledge and skills, including relevant legislation and policies and other areas of precedent. Ability to provide authoritative advice to the employer.

**Management skills:** Application of corporate management skills in a diverse organisation to

establish goals and objectives. Manage and control staff, budgets and work programs or major projects of the employer or a department or the like utilising leadership, evaluation and monitoring skills to facilitate achievement of objectives. Ability to generate innovative approaches to more effectively deploy resources, meet changing circumstances and improve service to the employer's clients.

Interpersonal skills: Positions use persuasive skills with external parties on major items of critical importance to the employer. They motivate managers and staff at all levels by leading and influencing others to achieve complex objectives. They influence the development of the employer.

Qualifications and experience: Positions will have a relevant degree or equivalent and management experience, combined with accredited management qualifications.



Appendix 'B'

Kempsey Shire Council Classification Structure – 1 July 2020 to 30 June 2021

Invited Senior Professionals (Grade 7)

85 <sup>th</sup>	100 <sup>th</sup>	115 <sup>th</sup>
\$119,777	\$140,914	\$162,051
Guaranteed Remuneration		At Risk-Performance Component

Managers (Grade 8)

85 <sup>th</sup>	100 <sup>th</sup>	115 <sup>th</sup>
\$139,369	\$163,963	\$188,558
Guaranteed Remuneration		At Risk-Performance Component

