

SES REMUNERATION, PERFORMANCE AND DEVELOPMENT POLICY

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DOCUMENT CONTROL

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Record of amendments

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Record of endorsement

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1. INTRODUCTION

1.1 The ANAO's SES Remuneration, Performance and Development Policy establishes the principles and procedures that apply to all SES employees and to those staff acting in SES roles. All ANAO SES employees are covered by common law agreements which set out the core conditions and terms of employment, including remuneration.

1.2 The objective of this Policy is to outline remuneration parameters for SES employees that are consistent with broader Australian Public Service (APS) SES arrangements. The policy sets out arrangements for the management of executive remuneration, including an approval process for remuneration proposals above a notional amount.

2. PRINCIPLES

2.1 The principles of the SES Remuneration, Performance and Development Policy are:

- maintain appropriate pay relative of the SES to reflect their respective roles and responsibilities;
- ensure remuneration and reward offerings are aimed at a competitive point of the appropriate APS comparator;
- be fair and consistent;
- ensure gender pay equity;
- be linked to individual performance and conduct, including the contribution of the employee in meeting and improving the performance of the ANAO against agreed deliverables;
- alignment of individual, business and corporate expectations and goals;
- consistency and equity in the assessment of SES performance, taking into account the performance, behaviours and conduct of the individual in the context of overall performance of the ANAO, relevant service group/branch and immediate work area;
- objective and fair assessment against the APS Senior Executive Leadership Capability Framework, SES work level standards and expectations outlined in the performance agreement based on individual performance, constructive behaviours and conduct;
- provision of honest, timely and comprehensive two-way feedback; and
- recognition and reward for meeting and exceeding expectations.

3. TOTAL REMUNERATION CONCEPT

3.1 The ANAO uses a total remuneration package approach in setting salary and rewards for SES employees.

3.2 The total remuneration package includes a base salary and the aggregate value amount of:

- motor vehicle allowance; and
- employer superannuation contribution;

3.3 Other benefits such as personal productivity tools, professional membership fees and travel allowances are not included in the total remuneration calculation.

4. APS SES REMUNERATION COMPARATORS

4.1 In setting remuneration markers the ANAO draws on the annual APS Remuneration Report for comparator market information. The 2020 markers for total remuneration and for base salary are set out in Table 1 (total remuneration) and Table 2 (base salary) in **Attachment A**. The remuneration markers will be reviewed annually.

5. ANAO SES SALARY REVIEWS

5.1 SES base salaries are set and adjusted according to the Auditor-General's or delegate's assessment of:

- an individual's performance;
- relevant work experience (developing capability, established capability or superior capability); and
- the complexity and nature of an SES employee's role.

5.2 The ANAO applies publicly available APS SES remuneration data to set the lower marker and the upper marker for the SES salary bands. Salary bands serve to act as a guide in determining base salary settings.

5.3 SES employees are eligible to be considered for an annual salary review on 1 November each year subject to holding the position for six months or more.

6. ANAO SES REMUNERATION CONSIDERATIONS

6.1 The following points are considerations in setting an SES employee's salary:

- APS Workplace Bargaining Policy 2020;
- SES Work Level Standards¹;
- SES Integrated Leadership System;
- skills, qualifications and relevant experience of the employee;
- performance and conduct of the employee;
- position, including job size, complexity, responsibility and relativities to internal and other APS SES positions; and
- ANAO's capacity to pay.

6.2 It is anticipated that, other than in exceptional circumstances, the remuneration of any SES employee will not exceed the maximum amount set out at **Attachment A** of this Policy.

¹ These can be located at <https://www.apsc.gov.au/working-aps/aps-employees-and-managers/classifications/work-level-standards-senior-executive-service>

6.3 Exceptions will be considered by the Auditor-General or delegate where compelling circumstances apply, based on the complexity and workload of the role and/or where market forces are a factor in considering the level of remuneration.²

7. MOTOR VEHICLE ALLOWANCE

7.1 SES employees are eligible for the payment of a motor vehicle allowance. The motor vehicle allowance for SES Band 1 employees is \$25,000p.a and for SES Band 2 employees is \$26,000p.a. The payment of the SES motor vehicle allowance incorporates a component for official travel. The payment of the motor vehicle allowance does not count as salary for any other purpose, including superannuation.

8. SUPERANNUATION

8.1 The employer superannuation contribution relates to the payment made by the Commonwealth in respect of the employee to:

- a Commonwealth defined benefit scheme (including CSS or PSS); or
- another eligible superannuation fund.

8.2 For the purposes of the defined benefit schemes, a notional value calculated as 15.4% of superannuation salary is used as the value of the employer's superannuation contribution. Should an employee's superannuation salary exceed their base salary, this will be taken into account when setting remuneration. For accumulation plan schemes, a notional value calculated as 15.4% of salary normally applies as the value of the employer's contribution.

8.3 The ANAO may enter into an agreement to adjust base salary if an employee exercises superannuation choice and elects to have an employer contribution matching the superannuation guarantee (currently set at 9.5% of salary), or if the compulsory employer superannuation contributions exceed the superannuation contribution caps.

9. SES PERFORMANCE

9.1 SES Performance is managed within an annual performance cycle, commencing on 1 November and ending on 31 October each year. The four elements of the performance cycle are:

- **Performance planning** – all SES employees are to develop a performance agreement with their manager which sets out what the employee will achieve over the 12 month period (business outcomes), how these are to be assessed (performance indicators), leadership behaviours and professional development goals.
- **Performance feedback** – during the performance cycle, SES employees are to receive a minimum of three opportunities to discuss and consider progress towards outcomes, behaviours and goals as set out in the performance agreement. There is also an expectation of continuous informal feedback conversations.

² More information about the approval process for remuneration proposals above the notional amount can be found by accessing this link <https://www.apsc.gov.au/executive-remuneration-management-policy>

- **Performance assessment** – at the end of the performance cycle, a formal assessment of performance, based on achievement of business outcomes and demonstration of leadership behaviours is undertaken. A formal rating will be set based on the assessment.
- **Remuneration**–. There will be a review of remuneration which will occur in November each year.

10. PERFORMANCE AND DEVELOPMENT PLANNING

10.1 In undertaking planning for the development of a performance and development agreement, SES employees and their managers are to have regard to the ANAO's expectations of SES employees:

- delivery of work program responsibilities;
- participation in and visibility of SES in supporting ANAO corporate-wide activities and priorities;
- building relationships and working collaboratively with clients, stakeholders, peers and staff;
- demonstrating commitment to development and capability building of staff, including responsibility for talent and succession management in the work area;
- supporting staff wellbeing and engendering workplace diversity;
- demonstrating a broad perspective of Government policy and awareness of the wider APS environment beyond immediate demands of the positions; and
- committing to self-development, with a minimum level of development agreed during each performance cycle.

10.2 A Performance and Development Agreement will be used as the basis for feedback and review. It will set out the agreed:

- **Business outcomes** – what will be achieved during the cycle (aligning this to the ANAO's audit work program and corporate priorities);
- **Leadership behaviours** – how the employee will demonstrate a visible and strong commitment to behaviours which create and support a positive, cohesive and high performing culture and fulfil the obligations to:
 - uphold the APS Values and Employment Principles;
 - adhere to the APS Code of Conduct;
 - demonstrate behaviours consistent to the ANAO values of Integrity, Respect, and Excellence.
- **Self-development goals** – commit to activities that will build skills, knowledge and capability and support ongoing professional growth and career development.

10.3 Performance and Development Agreement's may need to be reviewed during the cycle if there are changes to the employee's priorities or job responsibilities.

11. PERFORMANCE DISCUSSIONS

11.1 It is a requirement that a minimum of three (3) formal discussions are undertaken between the employee and their manager over the performance cycle for two-way feedback. These discussions should take place at the beginning of the cycle, mid-cycle and at the end of the cycle. It is expected that regular, informal feedback discussions are held and that issues are discussed as they arise.

12. PERFORMANCE ASSESSMENT

12.1 In addition to the three feedback sessions during the performance cycle, a formal assessment at the end of the performance cycle will occur. This will include a written assessment of the employee's performance in relation to their business outcomes and leadership behaviours. In reaching a decision in relation to the assessment, the manager is to consider the employee's contribution to the discussion and their perspectives on their self-assessment.

12.2 The manager must also consider 360 degree feedback as an important input into the assessment. The feedback can be obtained in a number of ways:

- through conversations with direct reports, peers and auditee clients or other stakeholders; and
- formal surveys.

12.3 Having taken into account the employee's self-assessment, 360 degree feedback and the manager's indicative assessment, the rating will be considered by the ANAO Remuneration Committee, with a final rating determined by the Auditor-General or delegate. In determining the rating, the delegate will give equal weight to the achievement of business outcomes and demonstrated leadership behaviours.

12.4 In making an assessment and deciding a rating at each stage of the assessment process, the decision maker is to have regard to:

- the relevant SES work level standards;
- the SES Integrated Leadership System;
- ANAO expectations of SES employees; and
- ANAO remuneration level descriptors.

12.5 The following descriptors provide guidance to assist in determining a rating.

Substantially Exceeds Expectations – employees are to have significantly and consistently exceeded expectations and standards expected at their classification and remuneration level and as required by their performance plan. The employees are to have noticeably surpassed standard work requirements against all their significant responsibilities. In assessing performance, exceeding expectations of leadership behaviours is as important as exceeding expectations in relation to achieving results and delivery of business outcomes.

Exceeds Expectations – employees are to have demonstrably achieved a consistent standard of work in every regard expected at their classification and remuneration level. In addition, employees will have demonstrated examples of exemplary performance and leadership behaviours, such as initiating and delivery on a major change, project or complex audit. They would have exceeded in some of the capabilities and demonstrated leadership behaviours at a higher level over than their remuneration level over the last 12 months. In assessing performance, exceeding some expectations of leadership behaviours is as important as exceeding some expectations in relation to achieving results and delivery of business outcomes.

Meeting Expectations – employees have met the capabilities and delivered work at the required standard for their classification and remuneration level. The employees will have participated in ANAO corporate projects and initiatives. In assessing performance, meeting expectations of leadership

behaviours is as important as meeting expectations in relation to achieving results and delivery of business outcomes.

Not Meeting Expectations – employees have consistently failed to deliver work at the required level or not met the capabilities and demonstrated leadership behaviours of their classification and remuneration level.

12.6 The assessment and rating at the end of the cycle should not come as a surprise to the employee and should be consistent with the feedback provided over the cycle.

13. UNSATISFACTORY PERFORMANCE

13.1 A rating of '*Not Meeting Expectations*' can be given at any point in the cycle where the employee's performance is assessed as unsatisfactory and falls below an acceptable standard. Underperformance will need to be addressed without delay and discussions held between the employee and manager to address the issue.

13.2 The Auditor-General is to consider the appropriate action to be taken, which may result in the reassignment of duties, reduction in classification, or termination of employment if performance standards are not met. The principles of procedural fairness and natural justice will apply to any underperformance action taken.

13.3 The principles and procedural requirements contained in the (Non-SES) *Managing for Improved Performance Guide* should be considered also in circumstances of unsatisfactory performance at the SES level.

14. REVIEW OF RATING

14.1 SES Band 1 and SES Band 2 employees may seek a review of their rating. SES Band 1 employees can seek a review by the Deputy Auditor-General. SES Band 2 employees may seek a review by the Auditor-General. The delegate is to have regard to procedural fairness and natural justice in undertaking the review of the rating. The delegate may seek advice to assist them to resolve the matter, and will provide a written response to the SES employee no later than four weeks after they received the request for re-consideration. The delegate's decision is final.

15. BENEFITS

15.1 The ANAO provides a range of other benefits to SES employees which are consistent with those provided to ANAO staff members and are established in the ANAO's Enterprise Agreement and/or ANAO policy. These include:

- **Vehicle parking** – SES employees have access to a designated parking space at the office premises. An amount to offset the FBT liability is payable in accordance with ANAO policy.
- **Professional membership fees** – SES employees are eligible for annual payment or reimbursement of professional fees as set for non SES employees.
- **Spectacles** – SES employees are eligible for reimbursement for spectacles or contact lenses used for computer-based work in accordance with the ANAO's Screen Based Work Policy.
- **Influenza vaccinations** – the ANAO provides annual influenza vaccinations to all staff.

- **Annual Health Assessments** – the ANAO provides annual health assessments at no cost to staff members to access on a voluntary basis.

15.2 Benefits also include facilities provided as business support, such as communication tools, information technology, other office facilities and may include airline lounge membership. Incidental private use is included in accordance with ANAO policies.

16. SES ACTING ARRANGEMENTS

16.1 For periods of acting in an SES position for longer than **two weeks** (or a lesser period if determined by the Auditor-General or delegate), employee remuneration arrangements will be based generally on 80% of the difference between the employee's base salary and the base 5th percentile salary (or another salary as determined by the Auditor-General or delegate).

Example 1 - EL 2 acting SES Band 1

$(\$171,645 - \$157,419 \text{ (EL 2 top of the range)}) \times 0.8 = \$11,380 \text{ (pro rata responsibility loading)}$

Example 2 - SES Band 1 acting SES Band 2

$(\$223,472 - \$171,645 \text{ (SES Band 1)}) \times 0.8 = \$41,461 \text{ (pro rata responsibility loading)}$

16.2 Motor Vehicle Allowance: Employees acting at the SES level for longer than **four weeks** will be eligible to receive payment of the motor vehicle allowance. Employees acting at the SES level for periods of less than four weeks are not eligible to receive payment of the motor vehicle allowance.

16.3 Car Parking: A car parking space will be provided on the basis that an employee is acting in an SES position for a period of **three months** or greater. Payment for the car parking space would generally be ceased for the substantive SES officer and deductions commenced for the acting employee. For acting periods of less than three months, the staff member would generally use the car parking space which was made available to the substantive occupant. Financial arrangements for the payment incurred for the use of the space should be discussed and arranged between the relevant parties or, if the acting period is due to an SES vacancy, financial arrangements for any payment incurred during the use of the space should be discussed with Personnel.

ANAO SES SALARY BANDS

The 2020 markers for total remuneration, based on APS remuneration data, are set out in the Table 1 below.

Table 1: Total remuneration markers

Classification	P5	Q1	Median	Q3	P95
SES 1	\$225,903	\$241,929	\$254,739	\$266,756	\$289,204
SES 2	\$289,109	\$309,475	\$322,733	\$341,927	\$379,438
SES 3	\$391,499	\$415,117	\$439,777	\$459,078	\$530,173

The data in Table 1 is drawn from the *APS Remuneration Report 2020*. Note that the APS total remuneration markers in the above table are defined as base salary plus the value of any benefits, including superannuation and motor vehicle allowance.

The 2020 markers for base salary, based on APS remuneration data, are set out in the Table 2 below.

Table 2: Base salary remuneration markers

Classification	P5	Q1	Median	Q3	P95
SES 1	\$171,645	\$192,657	\$202,910	\$220,245	\$239,408
SES 2	\$223,472	\$247,393	\$263,750	\$280,752	\$310,991
SES 3	\$317,750	\$336,806	\$361,501	\$389,500	\$443,636

Definitions

P5	The 5 th percentile is the point where 5% of the values are below and 95% of values are above.
Q1	The first quartile is the point for which 25% of values are below and 75% of values are above.
Median	The median value is the midpoint of all values. It is the point for which 50% of values are below and 50% of values are above.
Q3	The 3 rd quartile is the point for which 75% of values are below and 25% of values are above.
P95	The 95 th percentile is the point where 95% of the values are below and 5% of values are above.