

1. Title: Attraction and Retention Remuneration Incentive Policy

2. Introduction:

This policy is issued in conjunction with the Department of Justice and Attorney-General (JAG) (formerly the Department of Employment and Industrial Relations) (DEIR).

This policy provides a procedure for agencies facing skills shortages in key areas to seek approval to offer remuneration incentives to eligible employees to assist in the attraction and retention of skilled staff.

Approval to offer remuneration incentives is through a business case submission to government. The relevant agency should prepare a submission in conjunction with JAG or the Public Service Commission (PSC), as appropriate.

The submission is to provide clear evidence that skills shortages exist and that leaving the positions vacant will have a significant impact on government endorsed priority services or project delivery.

3. Application:

This policy applies to the following employees of government entities as defined in section 24 of the *Public Service Act 2008* excluding Government Owned Corporations:

- public service officers;
- temporary employees engaged under section 148(a) of the *Public Service Act 2008*; and
- general employees engaged under section 147(2)(a) of the *Public Service Act 2008*.

This policy applies only to individual employees and positions that are identified as being subject to skills shortages.

This policy allows agencies to offer eligible employees and potential employees remuneration incentives based on a percentage of superannuable salary over a specified period up to a maximum of three years. The percentage and the timeframe for the incentives to be applied will be determined by the agency in order to meet specific agency needs.

3. Effective Date: December 2007

4. Policy:

4.1 Principles:

The following principles apply:

- This policy provides a short term mechanism for responding to a need for a particular skill or calling which is critical to the achievement of key government priorities for service delivery and project completion.
- Agencies are to apply and withdraw the remuneration incentives in line with market fluctuations.
- Application of this policy must comply with the *Financial Administration and Audit Act 1977* and be able to be audited.

- Application of this policy is not intended to match private sector remuneration or to make an agency a market leader in terms of remuneration but to provide remuneration which, in combination with the other benefits available in the Queensland public sector, is competitive enough to retain highly skilled employees and attract potential applicants.
- Application of this policy must be linked to long term workforce management strategies for attracting, training and maintaining a skilled workforce.
- Agencies are to advise eligible employees of the period during which the remuneration incentives will apply, up to a maximum period of three years.
- When applying incentives under this policy, it is to be made clear that the additional remuneration applies for a specified temporary period.
- This policy should complement any rural and remote incentive schemes currently utilised by an agency.
- Remuneration paid under this policy is in addition to rates of pay outlined in the relevant industrial instrument and cannot be used to contract out of industrial instrument provisions. The additional remuneration attracts an employer superannuation contribution of 9% in accordance with the Superannuation Guarantee (paid into an accumulation account), and does not form part of superannuable salary, as defined by QSuper.

4.2 The Business Case

Agencies are to provide evidence to support the need to apply this policy. Research indicates that remuneration, while important, is not the only consideration for employees when assessing a prospective employer. A stimulating working environment with challenging work that allows employees to use their knowledge and skills, and access to professional development are also important.

JAG and PSC will provide advice to agencies developing a business case. Agencies will be required to include details of the following in the business case:

1. an explanation of the expected impact on service delivery and project completion if positions remain vacant;
2. details of workforce management strategies being implemented. This should include any ongoing skills development programs and enhanced recruitment and selection strategies that have been implemented within the agency, including analysis of the outcomes of these strategies;
3. a research based assessment of high risk occupations, labour market supply and demand data, public/private sector comparisons and a profile of competitors in the marketplace;
4. justification for the remuneration incentives (including the percentage of superannuable salary) being sought. This is to include reliable labour market data which has been analysed in comparison to the agency positions identified as experiencing critical skills shortages;
5. names and positions of each person proposed to receive an incentive under the policy and/or the positions to be advertised to attract people with the required skills;
6. how payments are to be applied e.g. retention bonus or fortnightly payment;
7. the period for which the incentives will apply, including evidence based justification of the proposed period;
8. details of the recruitment strategies to fill positions at evaluated classification levels. This should include evidence of ongoing vacancy rates, time taken to fill vacancies and applicant pool statistics. There should also be evidence to support claims that remuneration has been identified by existing and potential employees when considering their employment options e.g. through exit interviews and other survey instruments;
9. the mechanism to be used to formalise the application of remuneration incentives e.g. multiple fixed term contracts under sections 121 and 122 of the *Public Service Act 2008*. Agencies not covered by the *Public Service Act 2008* are to apply incentives via industrial mechanisms relevant to their agency e.g. in Queensland Health, contracts under section 24(2)(b) of the *Health Services Act 1991*;
10. the expected financial and non-financial benefits for the agency, government or community generally;

11. interaction with non-wage benefits e.g. private use of government vehicle and any existing rural and remote incentive scheme utilised by the agency;
12. results of consultation undertaken with agencies employing like occupations. If this consultation identifies the potential for a detrimental impact on similar positions in other agencies, those agencies may develop a business case to include in a joint submission with the proposing agency; and
13. results of an analysis of any potential flow-on effects to other roles within the agency; and
14. how the agency proposes to evaluate the benefits of the arrangement, including review and assessment methodology.

Although some statutory authorities have the ability to determine the amount that employees are paid, submissions to offer remuneration incentives for multiple positions by such statutory authorities are to be progressed in accordance with this policy.

4.3 Review of Policy Application

JAG and PSC will assist agencies to develop and implement review mechanisms. Reviews are to be conducted on a six monthly basis and formal reports are to be prepared annually by the agency, signed by the agency's chief executive and forwarded to the Director-General JAG and the Commission Chief Executive for endorsement.

JAG and PSC will monitor and assess potential flow-on effects across the public sector and will address any major concerns as they arise, in consultation with relevant agencies.

The human resource information provided in the business case will form the baseline against which the application of incentives will be measured. As a minimum it is expected that agencies will provide and report on the following baseline data:

- Labour market data including remuneration rates;
- Employee initiated separation rate;
- Recruitment costs, including advertising, downtime, induction etc;
- Vacancy rates;
- Employee costs (costs of incentives versus costs if incentives do not apply - includes overtime/time off in lieu costs);
- Unscheduled absence rates e.g. sick leave;
- Lost time injury frequency rates; and
- Training investment.

This data is to be analysed against age profiles, tenure and length of service and reason for separation (via exit interviews), to provide more definitive information about the attraction and retention issues for the targeted occupational group.

Information collected through the review process will be reported to government on an annual basis.

4.4 Extension of Policy Application

Submissions to extend the application of remuneration incentives beyond the original period require lodgement of a second business case. This business case is to include all information included in the original business case submission and:

- an analysis of the success or otherwise of the existing incentive arrangements;
- the outcome of the evaluation of the existing incentive arrangements based on the agreed review and assessment methodology; and
- any proposed changes to the existing remuneration incentive arrangement and evidence of the reasons for those changes.

4.5 Approval process

The policy is to be applied as follows. Agencies must not move to the next phase prior to the completion of the preceding phase.

Phase One

1. The agency intending to seek approval to offer remuneration incentives to eligible employees is to consult with JAG and PSC. JAG and PSC will provide information to assist the agency apply the policy.

Phase Two

2. The agency is to prepare a business case and lodge a joint agency/JAG/PSC submission to government, seeking approval for the agency to offer remuneration incentives to eligible employees.

Phase Three

3. The agency is to identify the way in which the additional remuneration will be delivered (e.g. fixed term contracts of employment under sections 121 and 122 of the *Public Service Act 2008*, as approved by JAG and/or PSC) and seek the required approval. This approval is to detail the occupations determined to be within the scope of the policy application, the number of positions to attract the incentive payment, the effective date and duration of payments and other arrangements to apply the incentives.

Phase Four

4. The agency, in consultation with JAG/PSC is to:
 - consult the relevant unions;
 - advise eligible employees of the proposed remuneration incentive arrangements; and
 - advise employees of the recruitment process for affected vacancies.

Phase Five

5. Agency implementation and evaluation of the application of remuneration incentives to eligible employees.
6. The agency is to report to JAG and PSC on evaluation outcomes.

Additional Information

- Joint Directive of the Minister responsible for Industrial relations and the Commission Chief Executive titled *Engaging Officers on Fixed Term Contracts of Employment*.
- Circular C2/06 *Principles under which decisions, that an officer may be appointed on contract for a fixed term, will be made by the Director-General of the Department of Justice and Attorney-General in accordance with s.121 of the Public Service Act 2008*.

7. Definitions:

For the purposes of this policy:

“Skills shortages” exist where:

- agencies are unable to fill or have considerable difficulty filling vacancies for an occupation at current levels of remuneration and conditions of employment; and
- the skills are critical to achieving key government priorities for service delivery and project completion.

“Approved timeframe” is the period during which the incentives may be applied, up to a maximum of three years.