1. **Purpose**

To confidently guide the Board and Management in determining and managing Headway Gippsland Inc (Headway) employee remuneration, contract conditions and performance/retention bonus

1. **Definitions**
	1. Employee: Paid persons engaged for pay, to deliver the programs and services of an organisation.
	2. Volunteer: Unpaid persons who elect to participate in the delivery of programs or services of an organisation.
	3. Awards (modern awards) are legal documents that outline the minimum pay rates and conditions of employment as set out by Fair Work.
	4. Remuneration: Money paid in exchange for work or services.
	5. Wages: A wage is an employee's pay including their base rate of pay for hours worked, as well as any loadings, penalties or allowances payable, unless otherwise absorbed or offset.
	6. Salary: A salary is a form of inclusive periodic payment from an employer to an employee, which may be specified in an employment contract. It is contrasted with wages, where each job, hour or other unit is paid separately, rather than on a periodic basis.
2. **Policy**

Headway commits to ensuring employees are paid in full compliance with the Social, Community, Home Care and Disability Services Industry Award 2010, The Fair Work Act 2009 and/or any other relevant industrial instruments or agreements.

* 1. Industrial instruments (including the Award) determine the conditions and entitlements such as minimum wages, allowances, overtime, penalty rates and annual leave loading applicable to all Australian workers.
	2. These instruments are generally reviewed annually in accordance with CPI on or around July.
	3. Beyond these minimum conditions, Headway may determine higher or different hourly or salary arrangements for employees on the basis of their classification, skills and experience in accordance with the market.

This policy defines how remuneration will be structured at Headway for the compliant and accurate payment of employee entitlements, as well as any discretionary performance/retention bonus payments paid to employees by the organisation.

1. **Remuneration and conditions at Headway**

Headway is proud to pay employees equalor above Award wages. This includes an ongoing commitment to employee pay progression and ensuring that any changes to the conditions set by Fair Work Australia are reflected in our wages and salaries on an ongoing basis.

Headway knows the importance of remuneration systems that attract, progress and retain a high standard of people for Headways’ services.

* 1. Pay rates are determined by the position responsibilities of each role, the skills, experience and qualifications required and the relevant classification for them under the Award.
	2. The classification in the Award provides the minimum pay rate applicable either as an hourly rate exclusive of allowances, penalties and loadings for hours worked per the roster, or as an annualised, inclusive salary package.
	3. A salary represents an annual amount that is paid in satisfaction of any and all monetary entitlements that the employee may otherwise be entitled to receive under an Award. This includes but is not limited to; minimum hourly conditions, allowances and penalties stipulated by an industrial instrument, as well as compensation for reasonable additional hours. Different to a waged arrangement, salaries generally take into account any hours that employees are required to work outside standard hours of employment.
	4. Where an employees pay exceeds any legislative and Industrial Instrument minimum entitlements, any amount paid in excess of these minimum entitlements may be used to offset any entitlement that may otherwise have been applicable.
	5. For extraordinary, temporary or specialised positions, Headway may require further information than that provided in the Award. In these circumstances, Headway may engage a third party to conduct a remuneration assessment to determine market-competitive salary packages. These conditions may be offered as permanent or temporary contracts depending on the circumstances.
	6. There is no guarantee of adjustment for the term of a fixed contract unless specified in the contract or required by the Award.
	7. Executive packages are considered separately to this policy and this is outlined in the Board Executive Remuneration Policy.
1. **Progression of pay rates**

Over the last several years Headway has taken considerable action to ensure our proactive compliance with industry and Award changes to pay rates and conditions. Following the expiry of the Equal Remuneration Order in 2020 (which saw successive increases to minimum rates), Headway Gippsland has continued to adjust their rates annually, aware that we paid at least the next classification rate or above in most cases.

This has for several years been paid in two ways - a) any adjustment required by the Award, and/or b) a secondary adjustment at the determination of the Board. In addition to this, we have continued to apply a performance/retention related bonus.

* 1. Annual Pay Adjustment

Now that all staff are equal to or at a positive margin above minimum rates for ordinary hours, the Board discretionary adjustment will cease and all staff will be adjusted together (in one activity) annually as at 1st July, in accordance with Fair Work’s CPI moderated rate increase.

* 1. This removes the burden on the Board to determine a further discretionary adjustment outside of Fair Work practices, reduces confusion and unknown variables in relation to pay, and aligns employees to the same proportional increases moving forward. This ensures fairness and consistency across Headway.
	2. This increase generally occurs from July 1 each year or as otherwise instructed by Fair Work. Upon their confirmation of new guides and conditions, all employees will receive any applicable percentage increase or adjustment made by Fair Work Australia.
		1. This CPI % increase may change year to year but will be applied to employee base rates irrespective of their classification or previous rates. Eg.

 if the SCHADS Award increases by 5%, the base rate of pay increases by 5%. No further adjustment will generally be made to base rates of pay.

* 1. Rates will be adjusted in the first full pay period after July 1 occurring after the SCHADS award changes have been announced.
1. **Eligibility for adjustment**
	1. If an employee has already received an adjustment in 2024 they will not be eligible for a further adjustment until July 1, 2025, unless specifically required by the Award.
	2. If no adjustment is introduced by Fair Work in any given year, rates will remain unchanged.
	3. New positions will be paid in accordance with the new employment contract, and the rate for the new position.
	4. Unless required by the Award, an adjustment will not be paid in the first 12 months of service.
	5. Casual and fixed term (non-permanent) employees are eligible for any adjustment introduced by Fair Work.
	6. Employees on fixed term contracts including Management are also required to adhere to the fixed term regulation changes as of December 6 2023. Given the impermanent nature of these engagements, casual and fixed term contracts will be reviewed at least annually and if not concluded or extended in accordance with the Fair Work Act 2009, may be eligible for conversion to permanent employment.
2. **Headway Performance/Retention Bonus**

Separately to the annual Fair Work CPI adjustment, Headway may at its discretion provide a Performance/Retention Bonusand bonus..

* 1. ,Tthe Board will consider annually, whether a fixed amount or percentage of the audited surplus, should be used for this performance/retention bonus. Matters to be considered – may include but not limited to: overall organisational performance, amount of surplus generated, prevailing market conditions for attracting and retaining skilled staff and any other relevant matters.
	2. The percentage of surplus or fixed amount preserved for this purpose is generally limited to no more than $50,000 or 10% of the surplus per annum (which ever is lower) This bonus pool is to be a single pool to be shared with executive staff, if payable, and not a separate pool to that which might be offered to the executive.
	3. Employees, Management and Executive who are eligiblefor the Headway Performance/Retention Bonus will be assessed in accordance with the Procedure, and based upon assessed outcomes, may receive a payment.
	4. Should the board decide that a bonus will be payable an eligible employee’s share of the bonus will be determined by the proportion of that employee’s base salary as a proportion of the sum of the base salaries of all the employees eligible for the bonus payment.

7.5 Payments are generally reserved for employees who achieve ‘occasionally exceeding expectations’ or ‘always exceeding expectations’ outcomes in the annual performance review process.

* 1. A performance/retention bonus is not payable to any employee whose:

\* employment is terminated; or

\* employment concludes prior to the end of the eligible period.

* + 1. eligible period.
1. **Performance/Retention Bonus Summary**

Performance/retention bonuses are considered in the Headway Performance Bonus Procedure. These terms are provided for the avoidance of doubt and should be read in conjunction with the procedure.

* 1. All eligible employees will participate in an annual planning activity relating to their role, their personal development and their career planning.
	2. The plan will contain performance measures to be achieved in the financial year. Similarly, performance reviews will fall in a cycle according to financial year, rather than anniversary of service.
	3. On completion of annual review with the employee, Managers will assign outcomes to performance, and this will be tied to the performance/retention bonus scheme.
	4. individual and organisational performance.
1. Any payments made iunder the schemes are one off bonus payments rather than an increase to base hourly rates or salaries. 8.5Staff not meeting expectations would dbe equipped with performance improvement strategies and support, as well as associated training as part of this process. **Further information**
	1. You can read more about the Performance/retention bonus Program in the associated procedure.
	2. This Performance retention bonus Program does not in any way prevent our team from any required annual adjustments to comply with the pay rates provided for their Award classification.
	3. This Policy will be reviewed on an annual basis and any subsequent changes provided as they occur