



Procedure 3.10 - Remuneration, Rewards and Recognition

1. Application

This procedure applies to permanent and fixed term employees covered an enterprise agreement or employees employed under a contract of employment, including executives.

2. Procedure

2.1 Remuneration

2.1.1 Enterprise Agreement covered employees

Remuneration arrangements for employees covered by an enterprise agreement are in the enterprise agreement. Generally, what an employee is paid, that is their classification level, is determined by the competencies each employee has attained.

2.1.2 Employees covered by a contract of employment

2.1.2.1 Agree on the Total Fixed Remuneration (TFR)

(a) New Positions

NQBP (the recruiting Manager and Human Resources) will investigate the external market to determine an appropriate salary range for the position, prior to recruiting for the position.

Prior to meeting, the recruiting manager and HR should form a view as to what an appropriate salary is for the role. Factors that might be considered include, but are not limited to:

- The positions locality – does the locality of the position require an increase or decrease on ‘average’ salaries, as a result of local labour market demand and supply.
- Specialist skills and/or qualification – does the role require specialist skills and/or knowledge that are difficult to locate in the labour market.

Human Resources may refer to remuneration surveys where they are available, alternatively, where there is insufficient confidence (or the data is lacking) in the data available, NQBP may choose to use an external remuneration specialist to evaluate the position to seek the median range for the position. Generally, external evaluations will not proceed without the Manager HR’s approval, who may also consult the CEO.

(b) Existing Position

Where the position is an existing position, that is, the position is being vacated by a current employee, the current TFR may assist as a guide.

Please note; where a current role holder is leaving NQBP and has been a long serving staff member, the TFR may not represent the current market value for the position.

(c) Executives

For remuneration relating of Senior Executives, the government policy on governance arrangements will apply. This means, NQBP will use an external remuneration specialist for all executive positions, whether they are new or existing.

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(d) Process

Enterprise Agreement Covered Employees

For a review of pay relating to employees covered by an Enterprise Agreement, refer to the enterprise agreement. Generally, employees that are eligible to move an 'increment' level, as a result of twelve (12) months service, will have a brief performance review conducted by their manager for recording their performance at that point of time (note; payroll use the form as approval and recordkeeping to increase the employees pay).

Employees under a Contract of Employment (Executives and others)

Annually, around May/June, NQBP will review the salary of its employees on contract.

(a) Identification of Employees subject to a Salary Review

The CEO with the Manager HR/IR identifies NQBP personnel that require a salary review. Generally, this includes all staff on an individual employment contract; that is, staff not covered by an enterprise agreement. Staff not eligible for a review will be:

- Any employee who recently commenced with NQBP, and who had their remuneration fixed (was included in their salary) until the following salary review period; or
- Staff employed by NQBP for less than six (6) months, that is prior to 31 December (6 months from 30 June); or who were not contributing towards their NQBP work objectives and/or role description for greater than 6 months of the year; or
- Staff whose performance was not to the expectation of the Chief Executive Officer (CEO).

(b) Remuneration evaluation

Role descriptions are reviewed and forwarded to the external remuneration evaluation consultants.

(c) Salary Review Spreadsheet development

HR will develop a salary review spreadsheet that includes for each employee; current remuneration, the most recent salary range (as provided by the external remuneration specialist), the past years Total Fixed Remuneration (TFR) movement, the most recent Consumer Price Index percentage reported via the Australian Bureau of Statistics, and the recent employee performance rating.

Salary Recommendations

The Salary Review spreadsheet is forwarded to the CEO with the relevant details populated for each.

Non-Executive Employees on a contract of employment

The Salary Review spreadsheet is forwarded to the relevant Executive with the relevant details populated for each employee within that team. After confirmation by each Executive, the proposed salary increases will be moderated by ExCo.

A salary recommendation is made which considers the employees:

- current TFR compared to the salary range (25th percentile to the median) overall performance and;
- other elements such recent salary movements and overall labour market conditions.

As a guide, where TFR is under the evaluated median the following will apply:

- Good performance may result in an increase in salary up to the annual CPI percentage rate;

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- Above Average performance may result in an increase up to 1% above the CPI rate;
- High performance may result in an increase up to 2% above the CPI rate; and
- Exceptional performers up to 3% above the CPI rate.

As a guide, where TFR for the Non-Executive is above the evaluated median the salary increase will be capped at median plus CPI.

Salary increases for Non-Executives in excess of the independently evaluated median may be paid with Board Approval.

(d) People and Culture Committee (PACC) endorsement and Board approval

The PACC endorses and the Board approves the recommended salary review for Executives and other staff on contract.

(e) Communication of the approved salary review

HR arranges for letters for each contracted employee which outlines the new salary. Executives will meet with each employee to communicate the outcome of the salary review and to thank them for their contribution over the past year.

(f) Payroll

Payroll is provided the new salaries for up-dating of the payroll system. Payroll will calculate and back pay staff, as required.

(g) Shareholding minister consultation

Shareholding Ministers are informed of new salaries for executives.

Executives

Executives' salaries are reviewed annually, at the same time as other contract staff. For a review of salary each year relating to Senior Executives, the government policy on governance arrangements will apply.

The CEO will utilise the results of the external evaluation undertaken for each role (only the reports to the CEO) to determine the median for the position, and to justify any proposed increases. The CEO will review the new median for the role and the executive's overall performance.

The CEO may choose to pay up to the median where the executive's performance is exceptional, or less of an increase where the executive's performance is satisfactory. Increases in salary are limited to 10%. GOC boards have discretion to approve annual Total Fixed Remuneration increases up to the latest market median for the position's work value but limited to a maximum increase not exceeding 10 per cent. GOC boards should act prudently and take account of the economic climate when considering annual TFR increases (Policy for GOC Chief and Senior Executive Employment Arrangements).

2.2 Performance Pay

2.2.1 Discretion to pay

Annually, the Board will decide whether it will issue bonuses to staff of NQBP. It has total discretion whether bonuses will be paid in full, partially or not paid.

2.2.2 Maximum Bonus

The maximum bonus that can be paid to executives (within the confines of government policy); that is, the Chief Executive Officer (CEO) and reports to the CEO, is 15% of their total fixed remuneration (TFR).

For all other employees, the maximum that might be paid, as approved by the Board are:

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- Reports to executives and/or senior managers – 15% of TFR
- Others on contract – 7.5% of Base
- Enterprise Agreement covered employees – 6% of Base

2.2.3 Group Performance and Individual Performance

Any bonus paid is determined by the performance of the corporation (group), and/or the individual NQBP officer.

The CEO and other Executives performance will be evaluated against the stretch performance targets outlined in the Statement of Corporate Intent (SCI).

For all other staff, bonuses will be evaluated based on 100% of their individual performance.

2.2.4 Eligibility Criteria

2.2.4.1 Organisation Criteria

For any performance bonus to be paid, the Board will refer to the following criteria as 'gates' that should be met.

2.2.4.2 Financial Measure

Underlying Profit (also called Net Profit after Tax adjusted for Abnormals) is used to determine if a bonus pool is made available each year. The maximum bonus pool will be calculated on the following basis:

- Where the result is between 60% and 100%, the percent achieved will determine the maximum bonus pool available.
- Where the % achieved to target is below 60% (e.g. 59.9%), no bonus pool will be made available.

Once the maximum performance bonus pool is determined, referenced from the financial performance of NQBP, the individual performance result is used to determine the size of the bonus for each employee.

Note: The Board has total discretion to withdraw the bonus in any given year for other reasons, for example, serious safety breaches resulting in serious injuries and fatalities, and/or environmental breaches such as those resulting in prosecutions or damage to reputation.

2.2.4.3 Individual Criteria

Individual Performance refers to the employee's achievement of their accountabilities (including where relevant specific accountabilities or KPI's), demonstration of role behaviour expectations and commitment demonstrated over the year.

In addition to the above criteria the following factors will be considered when determining an employee's bonus:

- Any written warnings relating to performance or conduct (to reinforce expected NQBP behaviours);
- Any written warnings due to a breach of safety (significant safety standard breaches may result in ineligibility of a performance payment);
- Any breaches of corporation policy and/or procedures, where the employee intentionally ignored or omitted required policy / process (i.e. where the employee had been adequately trained and was aware of the correct policy / process);
- For employees on a common law contract, where a staff member's salary is significantly above (10% or more) the evaluated salary.

Other criteria are; the employee should have been:

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- Employed by NQBP for minimum of 6 months and passed their probation; and
- Time taken to take annual leave is included when calculating the period at work over the year. Periods of unpaid leave, parental leave, long service leave and long-term sick are excluded in the calculations of the bonus (i.e. time worked is pro-rated)
- Employed as at 30 June to qualify, and
- Employees must receive a performance rating of at least 'Good Performance'.

2.2.5 Process

2.2.5.1 Individual performance

When the end of year performance review process is complete, the following process is followed.

- (a) Spreadsheet(s) is prepared by HR for the following groups; Executives, Level 3's or senior managers; others on contract and EA covered employees.
- (b) Endorsement / approval for payment of bonuses is sought by the People and Culture Committee.
- (c) Amendments are made following instructions from the Board for specific employees and/or all staff for bonus amount(s).
- (d) Spreadsheet is finalised; calculations signed off by the Chairman.
- (e) Letters are written for all staff with performance bonus amount.
- (f) Each executive should in person provide each employee with their performance bonus letter. Staff on long term leave receive their letter via the post.
- (g) In the event of termination of the employment relationship because of action taken by either an employee or NQBP, no performance payment will be made for the performance pay period during which employment terminates.

2.3 Rewards and Recognition

NQBP acknowledges that the recognition and rewarding of its staff is an integral element in its overall management of its people. A colleague, supervisor or manager may identify individuals or teams that warrant special recognition or reward, based on any of the following occurring:

- Achievement of a significant outcome;
- Exceptional modelling of a behaviour(s); or
- Contribution by an individual or team towards, or completion of, a significant innovation.

NQBP will also recognise contribution in terms of service years employees provide to the corporation.

2.3.1 Principles

When we recognise and reward staff, it is important we follow the following principles.

- Be 'real' – Be genuine about the recognition, only recognise something when you believe it is warranted, otherwise it will not appear sincere.
- Specific – Only when the actual achievement, behaviour(s), value or attitude is defined and described, will the recognition be meaningful. An appreciative 'thankyou' is fine, but misses the true value that recognition can realise.

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- Timeliness – Greater value is realised when recognising / rewarding an employee as soon after the event/behaviour occurred. Further, when recognising something, it is preferable that it is not mixed in with other activities. Give sufficient time to focus on the employee, not as an afterthought that appears to be just another task to undertake.
- Customise – Keep in mind that people respond to recognition in different ways, some appear embarrassed, others like the attention. But don't use that as an excuse not to recognise staff and each other. Further, ensure that the recognition/reward is fit for the outcome or behaviour exhibited.

2.3.2 Responsibilities

Managers and supervisors should always remember that it is their responsibility to create an environment where staff feel their contribution, their outputs (accomplishments), their attitude and behaviour are appreciated. By letting employees know they are appreciated, it reinforces the desired behaviours and outcomes that improve employee engagement. Engaged employees are generally better performers and represent the corporation in a favourable light to our customers and communities that we operate in.

2.3.3 Benefits

The benefits of recognising staff and our colleagues are many. Valuing and recognizing employees enables organizations to drive motivation, performance and retention, and subsequently impact the bottom line.

2.3.4 Criteria

The criteria for the recognition and rewarding of staff is found on Attachment 3.

2.3.5 Process

All employees and managers are encouraged to identify occasions that might warrant an individual or team being recognised and/or rewarded.

Managers should identify, regularly, occasions where their staff exhibit behaviours, attitudes or achieve exceptional outcomes. It is expected that managers and supervisors recognise their employees as part of their responsibilities as a manager/supervisor of staff

2.3.5.1 Informal Recognition

Some of the types of recognition/rewards (but not limited to) that may be used include:

- Emailing, texting or writing a personal note of appreciation;
- Asking the CEO or other senior executive to write a note of appreciation;
- Arranging to take the employee to lunch or a café for a coffee;
- Having the activities of the employee highlighted on NQBP's intranet, and/or collaboration tool (Yammer);
- Recognising the employee in front of his/her colleagues at a team meeting;
- Asking a high performing staff member to be a mentor to a more junior employee (where this is deemed to be a reward by the staff member);
- Arranging a team building activity that is fun (for team based recognition); and
- Accelerating a competency training activity/event for a high performing staff member.

2.3.5.2 Formal Recognition

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All staff and managers can nominate an individual or team to receive formal recognition.

On NQBP's Intranet (ERIC) an online form is located (Teams / HR / links 'Rewards and Recognition Form'), or <http://nqbperic/SupportTeams/HR/Pages/default.aspx>.

Those nominations the CEO believes should be recognised, will have the nomination announced at the CEO's monthly staff meeting. Each nomination publicly communicated by the CEO will receive a small reward. Nominations may also be put forward by senior managers/executives.

At the end of year (November/December) Reward and Recognition event, all nominations will be considered by the executive leadership group, where a few staff or teams will receive further recognition.

2.3.5.3 Service Milestones

Employees having reached service milestones will be recognised at monthly staff meetings. Service will include an employee's aggregated period of employment in completed years, and:

- Includes previous entities where employment was transferred with no loss of continuity;
- Includes breaks in employment of not more than 3 months; and
- Employment that is excluded is a period defined by the Fair Work Act.

Acknowledgement of an employee's service will be made in consideration of the years of service an employee maintains with NQBP. Refer to attachment 4 for service milestone recognition.

With respect to contractors that accept employment with NQBP, their years' service will be calculated from the date of their commencement with NQBP.

3. **Remuneration, Rewards and Recognition Policy, Procedure and Legislative Framework**

NQBP is a Government Owned Corporation and a port authority and is required to comply with its own policies, prescribed applicable legislation and State Government policies and procedures.

This procedure should be read in conjunction with:

- (a) Policy 3 - Human Resource Management

4. **Procedure Review Date**

The procedure should be reviewed by 30 June 2019.

5. **Definitions**

NQBP: means North Queensland Bulk Ports Corporation Limited ACN 136 880 128.

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