



Public
Service
Commission

Guidance

November 2015

NSW Government Sector Executive Relocation Expenses Framework

Title **NSW Government Sector Executive Relocation Expenses Framework**

Status

Document number 2015_005

File number A3143529

Application Public Service Departments
 Public Service Executive Agencies related to Departments
 Public Service Separate Agencies
 Other NSW Government Sector Agencies

Category Senior Executives

Summary The NSW Government Sector Executive Relocation Expenses Framework outlines the relocation expenses which can be paid where an executive is required to relocate to undertake a role or position in the NSW government sector or is required to relocate once employed. The Framework provides for reimbursement of reasonable relocation expenses on an acquittal basis plus contribution to eligible expenses, within defined limits, on an acquittal basis, up to the tier cap.

Publication date 16 November 2015

Review / Cancellation date 16 November 2017

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Previous Reference N/A

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Revision History

Version	Date	Summary of changes
1	4 July 2016	Glossary updated to include definition of the 'median property value'.
2	9 November 2016	Item 1.2 of the Framework updated to refer to the determination made by the Public Service Commissioner pursuant clause 38(2) of the <i>Government Sector Employment Regulation 2014</i> which took effect from 9 November 2016. Item 3 updated to replace reference to the 2015 Public Service Senior Executives Annual Determination with the 2016 Determination.

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1 Introduction

1.1 Purpose

The NSW Government Sector Executive Relocation Expenses Framework ('the Framework') outlines the relocation expense allowances payable to an executive where that executive is required to relocate to undertake a role¹ in the NSW government sector.

A high performing NSW government sector is best supported by a diverse and highly skilled executive workforce, drawn from the government, private and not-for profit sectors and from local, state, national and international labour markets.

The Framework provides for a uniform and consistent set of practices across the government sector. The nature of the relocation expenses on offer will enable the attraction of the best talent, within parameters which recognise the NSW government's position in the labour market.

A relocation expenses package is only available where:

- The employer of the executive has determined that the candidate is 'outstanding' in that they are the best candidate in the recruitment field and their expertise/experience justify the relocation support, and
- The executive is to be employed in the government sector in a location other than where they currently reside and it would be unreasonable without support to require the executive to relocate.

The relocation expenses package may include a post-hire commuting component where an executive has commitments that will delay relocation but the employer requires them to commence immediately.

As provided in this Framework, a relocation expenses package may also be available where an executive is required to relocate once employed.

The Framework provides for reimbursement of:

1. Reasonable actual relocation expenses on an acquittal basis, **plus**
2. Contribution to reasonable eligible expenses, within defined limits, on an acquittal basis up to the relevant tier cap.

The tier caps contained in this Framework will be updated on a regular basis to reflect Consumer Price Index (CPI) movements.

¹ For the purposes of the Framework the term role includes a position.

1.2 Who does the Framework apply to?

Pursuant to clause 38(2) of the *Government Sector Employment Regulation 2014*, the Public Service Commissioner has determined² that allowances in respect of reasonable relocation expenses are payable to Public Service senior executives in the circumstances and amounts provided for by this NSW Government Sector Executive Relocation Expenses Framework.

Compliance with the determination is mandatory for all Public Service agencies.

Other government sector agencies and NSW public sector agencies (such as State owned corporations) are strongly encouraged to implement the Framework.

The Framework does not apply to award based employees.

Categorisation of executive roles by ‘tiers’

Executive roles (for the purpose of the Framework, the term role includes a position) have been categorised in this Framework as either Tier 1 or Tier 2 for the purposes of determining the applicable cap in relation to post hire relocation support (up to \$65,000 for Tier 1 executives and up to \$25,000 for Tier 2 executives).

The categorisation of an executive role as either Tier 1 or Tier 2 is primarily based upon the Public Service senior executive (PSSE) bands (four bands, including the Secretaries band).

Non-Public Service agency heads should adopt the same approach in relation to categorisation of executive roles in their agencies based upon the role’s remuneration i.e. a role should be determined as a Tier 1 role if its remuneration is within the range for a PSSE band 4 (Secretaries band) or band 3 or, if a specialist position, band 3 or 2. The remaining executive roles would be Tier 2.

The remuneration range for each PSSE band is determined annually by the Statutory and Other Offices Remuneration Tribunal (SOORT) and the latest determination can be found on the Tribunal’s website.

Tier 1 and Tier 2 categories of executive roles

The following table summarises which executive roles fall within the Tier 1 and Tier 2 categories and the applicable cap in relation to post hire relocation support.

Tier	Type of roles	Reimbursement of reasonable costs	Contribution to costs of eligible expenses
		<u>No cap</u>	<u>Cap</u>
Tier 1	<ul style="list-style-type: none"> Secretaries of Departments (band 4) or equivalent based on remuneration in non-Public Service agencies Heads of non-Public Service agencies (equivalent of a band 4 or band 3) Heads of executive agencies determined by 	On an acquittal basis – no cap	Up to \$65,000

² The determination took effect on 9 November 2016.

Tier	Type of roles	Reimbursement of reasonable costs	Contribution to costs of eligible expenses
		<u>No cap</u>	<u>Cap</u>
	<p>the Secretary of a Department to be a Tier 1 role</p> <ul style="list-style-type: none"> Roles and positions determined by the Secretary of a Department or head of a separate Public Service agency or the head of a non-Public Service agency as ‘specialist’ executive roles (band 3 and 2 or equivalent based on remuneration) within the Department, related executive agency, separate agency or non-Public Service agency Other roles determined by the Secretary of the Department of Premier and Cabinet to be Tier 1 roles regardless of their remuneration e.g. heads of statutory authorities specified by the Secretary 		
Tier 2	Other executives roles	On an acquittal basis – no cap	Up to \$25,000

Definition of an executive role

For the purpose of this Framework an executive role is a role whose remuneration is equal to or above the minimum of the range for the Public Service senior executive band 1 but excludes award based employees.

1.3 Review of the Framework

The Framework is a new approach to determining executive relocation expenses in the NSW government sector. As such, there will be a review of the Framework two years after its initial publication to ensure the Framework in its application meets the intended purpose of attracting the best executive talent to the NSW government sector in the context of the NSW government’s position in the labour market.

2 The Framework

2.1 Principles

The following principles underpin the Framework:

- a. The nature of the relocation expenses on offer in the Framework will enable the attraction of the best talent, within parameters which recognise the NSW government sector's position in the labour market, around the 25th percentile.
- b. A relocation expenses package is only available where the employer of the executive has determined that the candidate is 'outstanding' in that they are the best candidate in the recruitment field and their expertise and experience justify the expenditure on the relocation support.
- c. A relocation expenses package is only available where the executive is to be employed in the government sector in a location other than where they currently reside and it would be unreasonable without support to require the executive to relocate.
- d. A relocation expense package may also be available where an executive is required to relocate once employed.

2.2 Implementation of the Framework

The following apply when government sector agencies implement the Framework:

- a. Any relocation expenses package must be in writing and pre-approved by the employer of the executive or delegate.
- b. Any relocation expenses package must be specified in the letter of offer of employment.
- c. Any departure from the Framework requires the approval of the Secretary, Department of Premier and Cabinet (DPC) or, if the departure relates to expenses in the case of the Secretary, DPC, the Premier.
- d. Where a departure from the Framework has been approved in relation to an executive and an executive resigns or is terminated for misconduct or unsatisfactory performance within two years from the date of employment, the executive must repay the full amount of the relocation expenses package.

2.3 Overview of the Framework

The Framework provides for the following four categories of relocation expenses:

Reimbursement of actual relocation expenses

1. Pre-hire attraction assistance
2. Post-hire moving expenses
3. Post-hire commuting

The actual expenditure associated with the above three categories will be reimbursed to the executive on an acquittal basis, provided the incurred expenses are determined as reasonable by the employer.

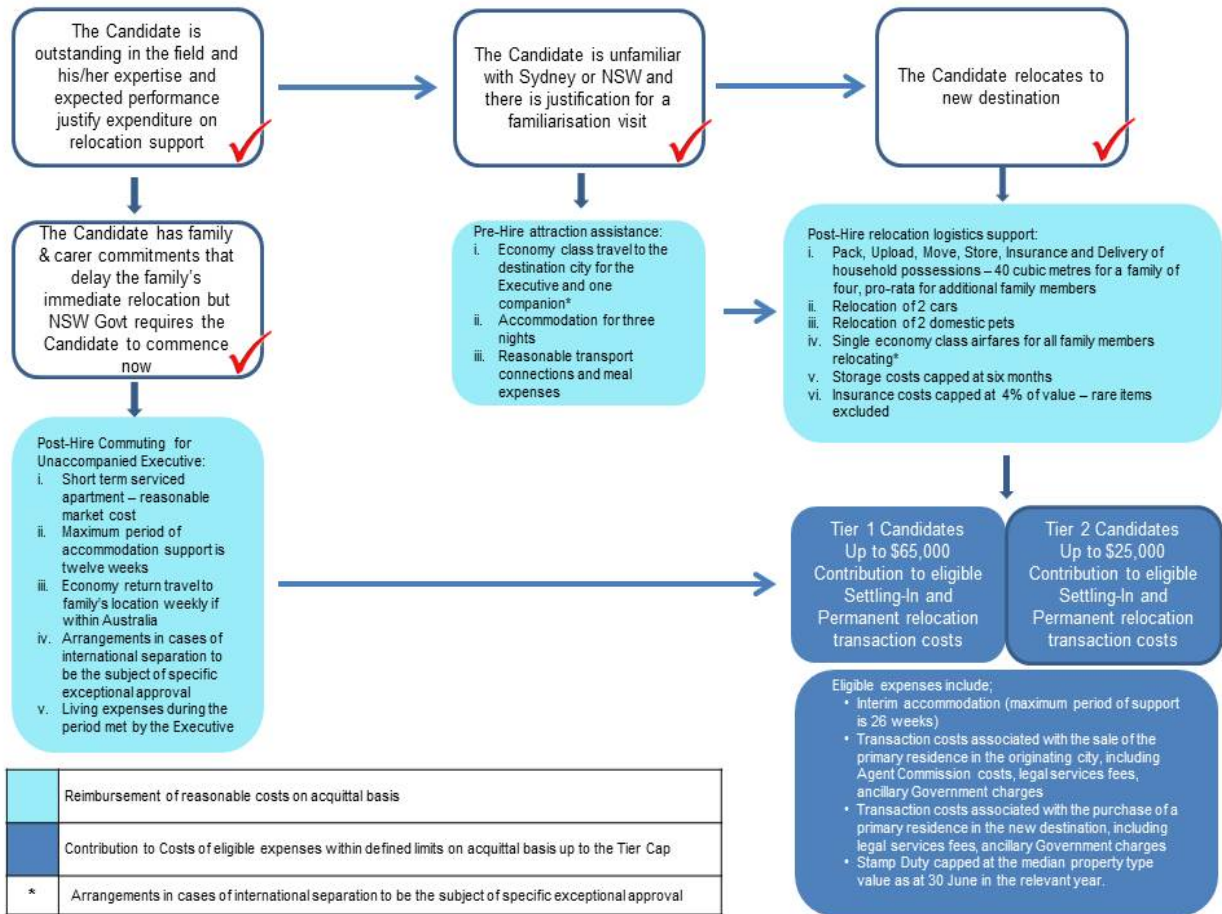
Contribution to relocation expenses

4. Post-hire relocation support

Contribution to actual expenditure for eligible expenses will be provided to the executive on an acquittal basis, up to the maximum cap for the role (up to \$65,000 for a Tier 1 role and up to \$25,000 for a Tier 2 role), provided the incurred costs are determined as reasonable by the employer.

The following is an overview of how the Framework will operate in practice.

NSW Government Sector Executive Relocation Support Framework



2.4 Reimbursement of actual relocation expenses

Pre-hire attraction assistance

This will be provided by the employer in limited cases in circumstances where the executive is unfamiliar with the destination location. Assistance provided may include economy class travel, and reasonable accommodation, transport and meal expenses.

The pre-hire visit to the destination location should be undertaken within a three day period.

These relocation expenses must be pre-approved by the employer and the executive must provide evidence of the expenses incurred.

Post-hire moving expenses

The reasonable costs to pack, upload, move, store, insure and deliver the executive’s household possessions to the destination location will also be met. This includes:

- 40 cubic metres for a family of four, pro-rata for additional family members
- Relocation of 2 cars
- Relocation of 2 domestic pets
- Single economy class airfares for all family members relocating

- Storage costs capped at six months
- Insurance costs for usual household items capped at 4% of value (Note: insurance cover for rare pieces or collections will be at the executive’s expense)

These expenses must be pre-approved by the employer and the executives must provide evidence of the expenses incurred.

Post-hire commuting

In some cases an executive has commitments that will delay their family’s relocation but the employer requires the executive to commence immediately. Post-hire commuting expenses for unaccompanied executives include:

- Short term serviced apartment rental (reasonable market cost) up to maximum of 12 weeks
- Economy return travel to the family’s location weekly if within Australia
- Arrangements in cases of international separation to be the subject of specific exceptional approval by the Secretary or head of a separate agency or head of a non-Public Service agency.

These expenses must be pre-approved by the employer and the executive must provide evidence of the expenses incurred.

Living expenses during the commuting period are to be met by the executive.

2.5 Post-hire relocation support – contribution to expenses

There are a range of expenses incurred in the relocation of executives associated with their accommodation which are specific to the individual’s needs. Executives can only claim contribution to expenses from the list of eligible expense types as provided below, up to the maximum cap for their role.

The executive is able to exercise personal choice within the defined limits regarding how they draw down an allowance for eligible expenses, up to the cap.

Post-hire relocation support – eligible expenses

Eligible expenses	Cap (Refer Part 1.2 above regarding which roles fall under Tier 1 & Tier 2)
<ul style="list-style-type: none"> • Interim accommodation – up to a maximum period 26 weeks support • Transaction costs associated with the sale of the primary residence in the originating city, including agent commission costs, legal 	<p>Tier 1 – up to \$65,000</p> <p>Tier 2 – up to \$25,000</p>

Eligible expenses	Cap (Refer Part 1.2 above regarding which roles fall under Tier 1 & Tier 2)
<p>services fees and ancillary government charges</p> <ul style="list-style-type: none"> • Transaction costs associated with the purchase of a primary residence in the new destination, including legal services fees, ancillary government charges • Stamp duty capped at the median property type value as at 30 June in the relevant year • Reasonable expenses associated with relocation support services 	

Real estate transaction costs on the sale and purchase are only to be approved by the employer where the contracts have been executed within a year of the executive’s commencement in the role. These expenses must be pre-approved by the employer and the executive must provide evidence of the expenses incurred.

Note: Agencies should contact the Australian Taxation Office if they have any queries regarding the Fringe Benefit Tax (FBT) implications of any approved relocation expenses packages.

3 Authorities

Below is a list of relevant legislation and determinations.

- *Government Sector Employment Act 2013*
- *Government Sector Employment Regulation 2014*
- *Government Sector Employment Rules 2014*
- *Government Sector Employment (Senior Executive Bands) Determination 2014*
- *Health Services Act 1997*
- *Police Act 1990*
- *Public Service Senior Executives Annual Determination 15 July 2016*
- *Statutory and Other Offices Remuneration Act 1975*
- *Transport Administration Act 1988*

4 Glossary of Terms

Term	Definition
Executive role	Is a role whose remuneration is equal to or above the minimum of the range for the Public Service senior executive band 1 but not including any role under an award.
Band remuneration range	Range between the minimum and maximum remuneration rates for a Public Service senior executive band as set by the SOORT.
Median property type value as at 30 June in the relevant year	<p>The median property value for the June quarter in the relevant year as provided for in the Australian Bureau of Statistics publication titled 6416.0 – Residential Property Price Indexes: Eight Capital Cities, in the following series:</p> <ul style="list-style-type: none"> • Time series A83728545T (Sydney) and A83728577K (rest of NSW) relating to established houses • Time series A83728546V (Sydney) and A83728578L (rest of NSW) relating to attached dwellings.
Post-hire commuting expenses	The reasonable expenses to be paid to an executive where, due to commitments, their family's relocation will be delayed but the employer requires the executive to commence immediately.
Post-hire moving expenses	The reasonable expenses to pack, unload, move, store, insure and deliver the executive's household possessions to the destination location.
Pre-hire attraction assistance	The form of relocation assistance provided by the employer in limited cases where the executive is unfamiliar with the destination location. Assistance provided may include economy class travel, and reasonable accommodation, transport and meal expenses.
Post-hire relocation support – contribution to expenses	Comprises eligible expenses of an executive approved by the employer, up to the maximum tier cap for the executive's role.
PSSE band	Public Service senior executive band. The NSW Public Service has a four band (including a Secretaries band) senior executive structure.
Relocation Expenses	Are the individual items for which the employer can approve payment of an allowance as part of an executive's Relocation Expenses Package.

Term	Definition
Relocation Expenses Package	The total amount of relocation expenses approved by the employer to be paid to an executive when relocating to undertake work in the NSW government sector. The package includes, where relevant, the pre-hire attraction assistance, post-hire moving expenses, post-hire commuting and post-hire relocation support. In relation to the latter, the amount payable is up to the tier cap.
Remuneration	Is for the purposes of the Framework a reference to a Total Remuneration Package (TRP) that is the total amount which is to be paid to an executive out of which the executive is required to pay the employer contributions to superannuation.
Role	Includes a position.
SOORT	Statutory and Other Offices Remuneration Tribunal.
Tier	Executive roles and positions are categorised as either Tier 1 (applicable post-hire relocation support cap up to \$65,000) or Tier 2 (up to \$25,000) for the purposes of determining the available cap for post-hire relocation support.
Total Remuneration Package (TRP)	The total amount paid to an executive out of which the executive is required to pay the employer contributions to superannuation. Section 39(4)(d) of the GSE Act provides that the TRP of a Public Service senior executive comprises monetary remuneration and employment benefits. See also the definition of ‘remuneration package’ in section 24A of the <i>Statutory and Other Offices Remuneration Act 1975</i> .