

Allowances Guideline

This document provides an overview of the types of allowances available and some general guidelines when providing allowances.

What is it?

This guideline explains the types of allowances available, approval requirements and rules regarding duration.

Who is this for?

This guideline applies to allowances intended for continuing and fixed term employees in RMIT University, RMIT Training and RMIT Online. These guidelines do not apply to senior executive positions.

1. General rules

1.1. Payment of allowances

- a) Allowances are calculated on an annual basis and paid as part of the fortnightly payroll although may be provided for periods of less than one year.
- b) Allowances are superannuable payments and are included in the calculation of annual leave loading.
- c) Allowances are generally payable during periods of paid leave although may cease if circumstances change during the period of leave. E.g. If an employee in receipt of Higher Duties allowance takes a period of extended leave the higher duties may pass to a different employee causing the allowance to cease.
- d) The amount of the allowance may be prescribed or might sit within a discretionary range. Some allowances are calculated as a percentage of another value whilst some are stand-alone values. Managers should contact the People Team to understand the monetary rules of all allowances before they are offered or agreed.

1.2. The budget for allowances must be funded by the employing area.

2. Types of Allowance

2.1. Allowances linked to activity, circumstance or position

- a) These types of allowance are typically associated to an activity being carried out by an employee or a position held by the employee. Whilst the employee carries out the activity or duty the allowance continues to be paid. This includes the following allowances:
 - Academic and Teaching Leadership Allowance E.g. Deputy Dean, Program Manager, Senior Educator 2 etc.
 - Higher Duties Allowances (acting arrangements)
 - Relocation Allowance

- Mobile Phone Allowance
- b) When the employee ceases the activity or duty the allowance stops.
- c) These allowances are also provided for a maximum term of up to three years at a time but can be extended without the need for a review if the incumbent continues to perform the activity or duty.
- Managers should request a term to match the duration of the activity if known. E.g. Higher Duties allowance for 3 months whilst acting in another role.
- d) If circumstances change mid-term, then the relevant manager may be asked to review the allowance and confirm if it ought to continue to apply. E.g. Promotion from level C to level D academic would cause a program manager allowance to end.

2.2. Allowances limited by time

- a) These types of allowance are discretionary and typically provided for recognition of unique and critical skills; retention of critical expertise or knowledge; attraction of key talent and recognition of additional duties or responsibilities not captured under section 1.2. This includes the following allowances:
- Academic Merit Allowance
 - Distinguished Professor allowance
 - Industry Allowance
 - Market Allowance
- b) These types of allowances may be offered for a term of no longer than three years at a time.
- The Distinguished Professor allowance may be provided for a longer term than three years if permitted in the [Awarding of Distinguished Professor Title Instruction](#).
- c) At the end of a term a review must occur, and a decision taken whether to offer an additional term and for how long – up to the maximum of three years. Considerations should include:
- Is the original loading and its purpose still relevant
 - Financial implications
 - Are there alternative ways to recognise/attract/retain e.g. career development, secondment, training etc.
 - Does the payment of an allowance align with external market factors
- d) Retention of the allowance is dependent upon satisfactory performance of the employee to be assessed as part of the regular annual appraisal process.
- Receiving a rating of lower than 'Achieves expectations' (or equivalent rating) in the annual appraisal process will result in the immediate review of the allowance and may lead to the removal of the allowance regardless of any time remaining in the term.

Document history

Version	Last updated	Authority	Author
1.0	9 th March 2021	Employee Lifecycle Policy	Senior Manager, PWR