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Remuneration
Recommendations
National Association of Community
Legal Centres

MERCER

Human Resource Consulting

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Executive Summary

National Association of Community Legal Centres (NACLC) engaged Mercer Human Resource Consulting (Mercer) to undertake a review of a selection of their positions. This report contains the key findings and recommendations arising from this detailed review.

In summary the key findings were:

- The Community Legal Centre's (CLC) current recommended remuneration levels are less than competitive with the markets referenced within this report
- The current average competitiveness of CLC remuneration in each of the chosen markets is demonstrated by the compa-ratios in the following table:

Table 1 Average position of current CLC Base Salary against target markets

Base	2006
Compared to APS Salary Scales	At 70% of the market
Compared to Commonwealth Attorney General's department salary scales	At 69% of the market
Compared to NSW Crown Employees Salary scales	At 62% of the market
Compared to NSW Crown Employees Legal Officer Award	At 71% of the market

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Background and methodology

The National Association of Community Legal Centres (NACLC) is the peak body representing Community Legal Centres (CLCs) across Australia. Community Legal Centres (CLCs) are independent, non-profit organisations which provide referral, advice and assistance to more than 350,000 people each year. These services are provided free of charge. There are currently 207 centres in Australia ranging from centres with no paid staff to offices of ten or more employees.

The Centres provide confidential advice and assistance services targeted to people who cannot afford private legal assistance and who do not qualify for legal aid. These include: credit and debt; family law consumer issues; social security; victims of crime; compensation for injury; domestic violence; court support; physical and intellectual disability; environmental law; tenancy; discrimination; employment; and immigration. Additionally CLCs provide education services and advice to governments on policy issues.

Centres provide an invaluable first point of contact for people who have no previous experience and little knowledge of the legal system. Clients are often referred immediately to legal aid offices, private solicitors or to providers of non-legal services.

Most clients are provided with advice or further assistance including court representation when appropriate. In general, centres only provide continuing assistance for people who are unable to afford the services of a private solicitor. At times they may act in cases which are funded through legal aid.

Most people who use centres are on low fixed incomes. More than 50% receive some form of pension or benefit. Those who are employed are unable to afford a private solicitor and are ineligible for legal aid (they fail the means test or aid is not available for the type of matter).

Centres have proved over time to be prolific publishers of plain English information about the law; sometimes independently, sometimes in conjunction with commercial publishers including the major legal publishing houses.

Clients present to centres with a range of legal problems. While there are strong regional variations, the most common are family law problems (typically around 25%), credit and debt (10%), criminal charges (8%), consumer issues (8%), tenancy and housing (8%), victims of crime (8%), motor vehicle accidents (6%), personal injuries (5%) and employment related issues (5%).

The services offered through CLCs complement the range of services provided by legal aid commissions. Centres and their state associations are dedicated to working closely with commissions and their staff. Centres are frequently the first contact point of clients later referred to commissions.

CLCs have played an important role in the development of commissions and their work. Several ideas developed and trialled in centres (including telephone advice, after hours services, community legal education) have been taken on as core functions of commissions.

*A recent study by the Law Council indicated that ... over the period 1987-88 to 1992-93... there has been an effective restriction in funding and tightening of legal aid criteria as a result of a substantial increase in the demands on legal services over the same period. It estimated that, to restore funding to a level that would provide legal aid to those who were eligible in the 1987-88 financial year, there would need to be an increase in funding of not less than \$50 million per annum. **

The Senate conducted a detailed inquiry into the Australian legal aid system over the two years from June 1996. The findings of this inquiry confirmed that legal aid is available to an increasingly restricted and exceptionally poor group of Australian citizens.

The Commonwealth, state and territory governments provide the bulk of funds to centres for their general legal operations. There are now 135 centres funded in whole or in part by the Commonwealth. Established centres are often able to attract funds from sources outside CLC funding programs. Such sources include: state government programs; local government; private trusts; and donations. CLCs have developed a strong reputation as efficient administrators and managers of human services and are frequently chosen to auspice programs and projects with some relevance to the law and/or the community in which the centre is based.

A key feature of CLCs is their use of volunteers in the delivery of services. A significant part of the 'community' in legal centres is the unpaid time and expertise of practising lawyers, students, paralegals and others. All centres require a basic level or component of funding to adequately train and manage volunteers.

Centres operate under the same strict rules that apply to the private legal profession. Most centres are covered by a national professional indemnity insurance scheme which demands that they meet rigorous practice guidelines. All Commonwealth funded centres participate in the National Information Scheme.

NACLCLC has engaged Mercer Human Resource Consulting (Mercer) to conduct an analysis of the work value of 6 benchmarked roles within CLC's and to provide high level remuneration recommendations with reference to relevant markets.

This report outlines our analysis of the work values of the positions, the methodology used to conduct the analysis and Mercer's market based recommendations as to the appropriate level of remuneration for the positions.

Methodology

NACLCLC has requested that each of the following positions be evaluated and then benchmarked against relevant market data:

- Principal Solicitor
- Manager/ Coordinator
- Solicitor
- Community Worker
- Administrator
- Administrative Assistant

In conducting our review of these roles Mercer undertook the following activities:

- Reviewed the current position descriptions and relevant documentation relating to the NACLCLC and the work completed by each of the Community Legal Centres
- Liaised with the National Pro Bono Research Centre in order to gain a more detailed understanding of the expertise requirements and accountabilities of each of the benchmark roles
- Application of the Mercer CED job evaluation methodology, thus enabling comparisons with other positions of similar job size (work value)
- Gathered market remuneration data for each of the roles

The Mercer CED Job evaluation methodology applied to assess the relative work value of each of the roles is explained in more detail in section four of the report.

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Work Value Assessment

As part of this review Mercer has evaluated the 6 benchmarked roles within Community Legal Centres using the Mercer CED Job Evaluation Methodology. The Mercer CED Job Evaluation methodology provides a systematic and analytical approach to defining jobs in terms of compensable factors such as size, scope, complexity, specific knowledge and experience requirements and accountability. It results in a quantitative measure of work value that can then be used as a mechanism to access market remuneration data for jobs of equivalent size for comparative purposes.

The job evaluation outcomes are used to establish a work value for the position. The work value results are then applied to a market pay line to determine a general market based remuneration outcome for the position. The use of the job evaluation methodology to establish a work value also enables internal relativities to be assessed.

Further detail on the methodology is provided in Appendix A.

Mercer has engaged with the NACLC and the National Pro Bono Research Centre to ensure that we captured the full responsibilities of each of the roles. We then used the information taken from our discussions and the documentation provided by the National Pro Bono Legal Centre and NACLC to apply the Job Evaluation methodology to provide work value outcomes for each of the benchmark roles within NACLC.

The finalised outcomes that are applied throughout this report can be found in Table 2 below:

Table 2: Work value profiles

Position Title	Impact Type	Expertise	Judgement	Accountability	Total Points	APS Grade
Principal Solicitor	Advice	F- 3+ d 203	D 4+ 169	E 1+ d 203	575	EL 2
Manager/Coordinator	Advice	E+ 3+ d- 177	D 4 153	E- 1+ d 177	507	EL 2
Solicitor	Advice	E 3- c+ 134	D- 4- 125	D 1 d 116	375	APS 6
Community Worker	Advice	E 2+ c+ 116	C+ 4- 94	D 1 d 116	326	APS 5
Administrator	Service	D 2+ c 76	C 3 66	C 1 c 58	200	APS 3
Administrative Assistant	Service	C+ 2 c- 58	C- 3- 54	C- 1 i+ 50	162	APS 3

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Detailed Market Assessment

As it stands, the remuneration for the benchmarked roles within the CLC's is determined by the classification structure within the state based Social and Community Services Award (SACS). For the purpose of this report, comparisons have been made based on the highest level of experience for each relevant salary grade.

The following section compares the competitiveness of current Social and Community Services Award Base Salary (BS) remuneration against a number of Federal government and state government markets. All data is current to September 2006.

Please note that comparisons have been made only on the basis of Base Salary and that a Total Employment Cost and Total Employee Reward amount is also available for those roles equivalent to APS 3 and above.

Total Employment Cost (TEC) is the sum of regular guaranteed pay components, i.e. Base Salary, superannuation, other benefits (e.g. motor vehicle), fringe benefits and any associated FBT. It does not include any incentive or bonus component. Total Employee Reward (TER) is TEC plus any bonus or incentive payments

The competitiveness of remuneration is analysed using compa-ratio analysis. Compa-ratios are often used to review and monitor the competitiveness of existing remuneration levels at both the individual and corporate level.

A compa-ratio is a representation of relativity, usually market relativity, and is commonly defined as the ratio between the fair or competitive market rate and the individual's actual rate of pay. For example:

$$\begin{array}{r} \text{Actual Pay} \quad \$34,000 \\ \hline \text{Market Pay} \quad \$40,000 \end{array} = .85 \text{ compa-ratio (or 15\% below market)}$$

The closer the ratio is to 1.00, the more closely actual remuneration is aligned to market practice. To enable detailed comparisons and compa-ratios to be provided, Mercer has relied upon the evaluation profiles detailed in Section 3 of this report.

Tables 3, 4, 5 & 6 demonstrate the comparison between the highest level of experience and the equivalent Base Salary figure for each CLC benchmark role and the following relevant markets:

- Equivalent APS Base Salary
- Equivalent Commonwealth Attorney General's Base Salary
- Equivalent NSW Crown Employees Base Salary
- Equivalent Crown Employees Legal Officers Award Base Salary

Table 3 Comparison current SACS Award Base Salary vs Australian Public Sector (APS) Salary Scales (September 2006)

Position title	Relevant SACS Grade	SACS Base Salary	Total MCED Points	Equivalent APS Grade	Equivalent APS Base Salary	Compa-ratio
Principal Solicitor	Level 6	\$48,359.32	575	EL 2	\$96,063	0.50
Manager/Coordinator	Level 7	\$50,536.19	507	EL 2	\$96,063	0.53
Solicitor	Level 5	\$45,094.02	375	APS 6	\$62,775	0.72
Community Worker	Level 5	\$45,094.02	326	APS 5	\$53,931	0.84
Administrator	Level 3	\$38,771.77	200	APS 3	\$43,293	0.90
Administrative Assistant	Level 2B	\$31,257.10	162	APS 3	\$43,293	0.72

Table 4 Comparison current SACS Award BS vs Commonwealth Attorney General's Department (AG) Salary Scales (September 2006)

Position title	Relevant SACS Grade	SACS Base Salary	Total MCED Points	Equivalent AG Grade	Equivalent AG Base Salary	Compa-ratio
Principal Solicitor	Level 6	\$48,359.32	575	Senior Legal Officer	\$90,151	0.53
Manager/Coordinator	Level 7	\$50,536.19	507	EL 2	\$102,679	0.49
Solicitor	Level 5	\$45,094.02	375	Legal Officer	\$66,711	0.67
Community Worker	Level 5	\$45,094.02	326	APS 5	\$57,016	0.79
Administrator	Level 3	\$38,771.77	200	APS 3	\$46,682	0.83
Administrative Assistant	Level 2B	\$31,257.10	162	APS 3	\$39,021	0.80

Table 5 Comparison current SACS Award BS vs Crown Employees Administration & Clerical Officers Award (September 2006)

Position title	Relevant SACS Grade	SACS Base Salary	Total MCED Points	Equivalent SG Grade	Equivalent SG Base Salary	Compa-ratio
Principal Solicitor	Level 6	\$48,359.32	575	11	\$91,800	0.52
Manager/Coordinator	Level 7	\$50,536.19	507	10	\$83,907	0.60
Solicitor	Level 5	\$45,094.02	375	8	\$73,938	0.60
Community Worker	Level 5	\$45,094.02	326	7	\$68,794	0.65
Administrator	Level 3	\$38,771.77	200	4	\$54,520	0.71
Administrative Assistant	Level 2B	\$31,257.10	162	2	\$48,419	0.65

Table 6 Comparison current SACS Award BS vs Crown Employees - Legal Officers (Crown Solicitors Office, Legal Aid Commission, Office of Director of Public Prosecutions and Parliamentary Counsel's Office) Award

Position title	Relevant SACS Grade	SACS Base Salary	Total MCED Points	Years of Exp.	Equivalent Base Salary	Compa-ratio
Principal Solicitor	Level 6	\$48,359.32	575	5	\$82,731	0.58
Manager/Coordinator	Level 7	\$50,536.19	507	5	N/A	N/A
Solicitor	Level 5	\$45,094.02	375	2	\$53,901	0.83
Community Worker	Level 5	\$45,094.02	326	2	N/A	N/A
Administrator	Level 3	\$38,771.77	200	2	N/A	N/A
Administrative Assistant	Level 2B	\$31,257.10	162	2	N/A	N/A

Observations

Compa-ratios have been used in each instance to identify how competitive the current standard SACS remuneration is with each specified market.

Table 3 provides a comparison between the current SACS award rate and the equivalent rate within the APS Salary scale. As evidenced by an average compa-ratio of 0.70 current BS is less than competitive with the APS Salary Scales. Of particular note is the low compa-ratios registered by the Principal Solicitor and Manager/Coordinator roles.

Table 4 provides a comparison between the current SACS award rate and the Commonwealth Attorney General's Department salary scale, the compa-ratios in Table 4 indicating that the Administrator and Administrative Assistant roles are marginally competitive, while the remaining roles are not competitive.

Table 5 provides a comparison between the current SACS award rate and the Crown Employees Administration and Clerical Officers Award (NSW), with the compa-ratios indicating that none of these roles are competitive with this market.

Table 6 provides a comparison between the remuneration dictated by the SACS award for the Principal Solicitor and Solicitor roles within CLC's and the current Crown Employees Legal Officers Award (NSW). Compa-ratios of 0.58 and 0.83 indicate that the SACS award is 42% behind the market for the Principal Solicitor roles and 17% behind the aforementioned salary scale for the Solicitor roles.

Current practice dictates that for most roles, if current BS is within a $\pm 15\%$ range (a compa-ratio range of 0.85 to 1.15) of the organisation's desired market positioning it is defined as competitive. Remuneration at the market is appropriate for effective and competent position holders. The competencies, qualifications and skills required are present. Remuneration needs to be attractive to motivate and retain the executive. Employment risk is present but not dominant.

If current BS is more than 15% below (a compa-ratio of less than 0.85) desired market positioning it is defined as below the market. If current BS is more than 15% (a compa-ratio of greater than 1.15) above desired market remuneration it is defined as above the market.

Remuneration levels below the market are appropriate when the position holder is still developing the qualifications, skills and competencies required and may be relatively untested in the new role. Alternatively, it is common practice to pay below the market if the performance of the incumbent is below expectations or if the employment risk associated with the role or the incumbent is relatively low

As Mercer considers a range of $\pm 15\%$ around the target market to be competitive, as such the current NACLC Base Salary is not considered to be competitive with any of the markets referred to within this report.

Additionally it should be noted that the current remuneration paid in accordance with the SACS award, is approximately 30% behind the market for Solicitors within Mid Tier Legal firms and approximately 40% behind the market for Senior Solicitors with 5 years experience.

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Summary and recommendations

Overall, Mercer considers a range of $\pm 15\%$ around the target market to be competitive, as such current CLC remuneration appears to be less than competitive in comparison with any of the markets referenced in this report.

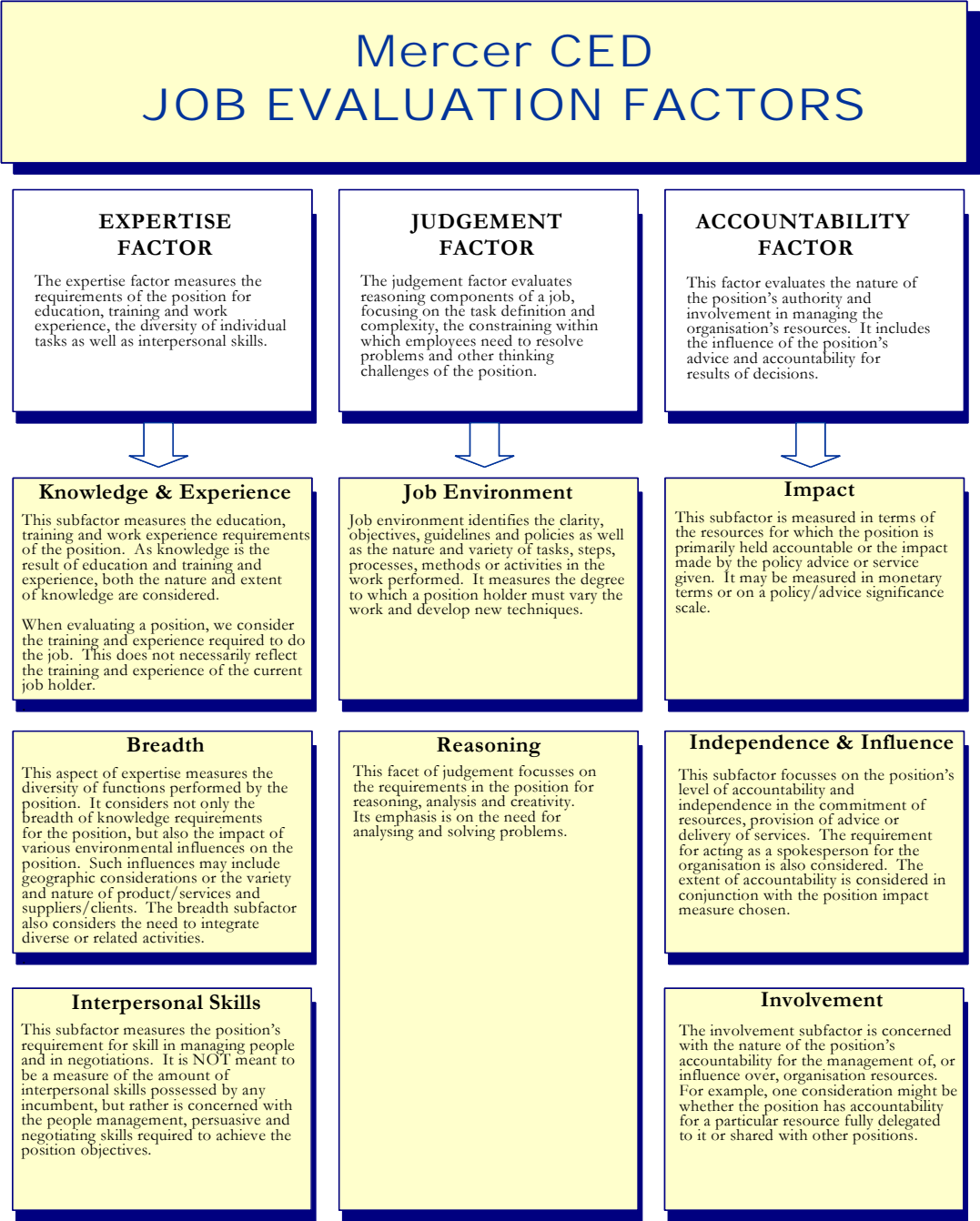
There are a number of factors that should be taken into consideration when recommending a market positioning to an organisation, including the organisations capacity to pay. This is heavily dependent on that organisations ability to operate efficiently and profitably, and to have a cost structure appropriate to the market within which it is operating. However it is also important to take into account the effect of an organisations remuneration strategy on its ability to attract and retain employees and the cost of staff turnover to the organisation.

Further information on market positioning considerations can be found in Appendix 3 of this report.

General recommendations

- CLCs current pay practice would be considered competitive being positioned at the minimum in alignment with the Crown Legal Officers Award or the APS Award.
- Ideally, to maintain market competitiveness a minimum increase of 10% should be applied to the majority of positions with a larger increase applied to Principal Solicitor and Manager/Coordinator roles to bring them to the minimum of the Australian Public Sector Market.

Appendix 1



Appendix 2

Rates of pay taken from NSW Social and Community Services (ACT/NSW) Award 2001

10. RATES OF PAY

[10 substituted by PR907659 PR907661 PR907662 PR918483 PR920778 PR934592 PR949501; PR959334 ppc 31Jul05]

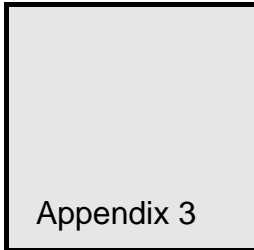
10.1 Subject to this award and Schedule E, the following rates of pay per annum are the minimum to be paid to employees in respect of their classification level:

Classification Level Relativity (inc 2005 SNA)	% Trades Minimum Annual Rate	
Community Services Worker Level 1		\$
Paypoint 1	90	27,887.44
Paypoint 2	95	28,975.88
Paypoint 3	100	30,168.67
Community Services Worker Level 2		
Paypoint 1	100	30,168.67
Paypoint 2	105	31,257.10
Paypoint 3	110	32,345.54
Paypoint 4	115	33,329.62
Paypoint 5	120	34,418.05
Community Services Worker Level 3		
Paypoint 1	125	35,506.48
Paypoint 2	130	36,594.91

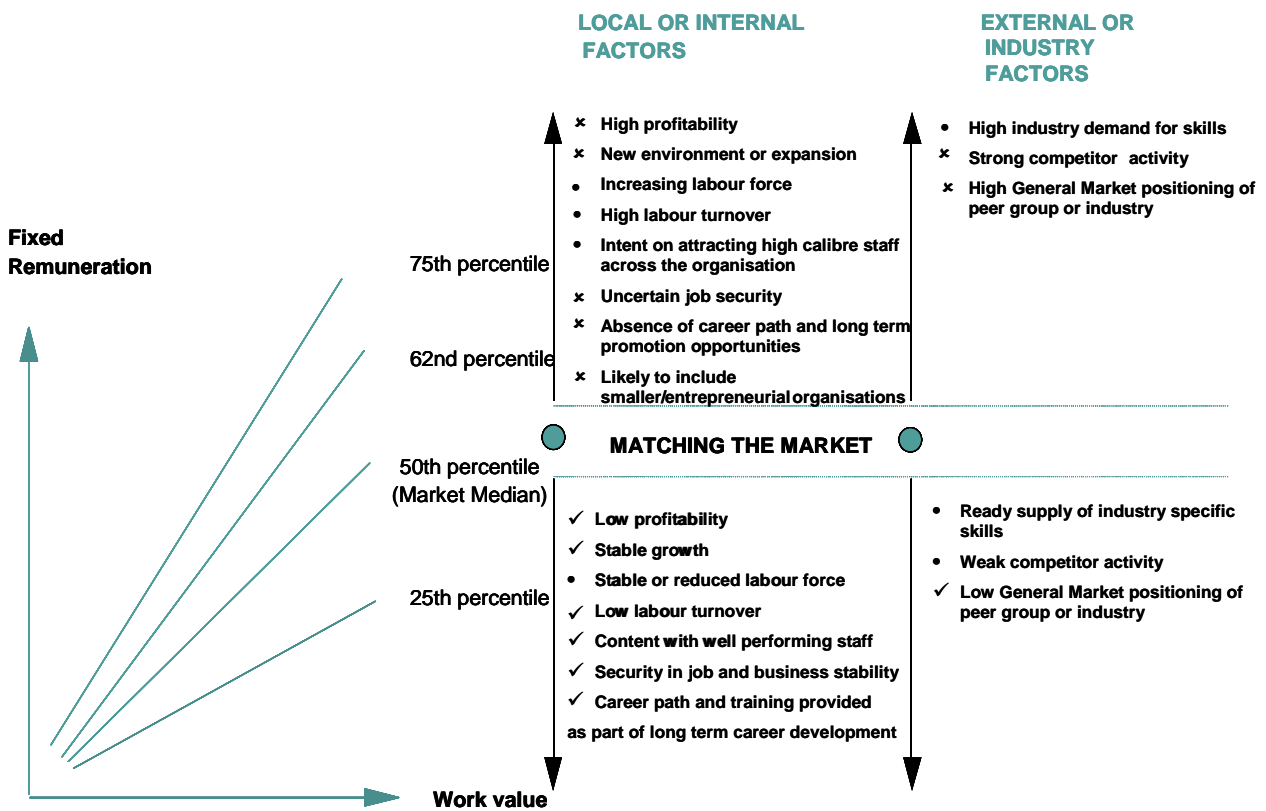
Paypoint 3	135	37,683.34
Paypoint 4	140	38,771.77
Community Services Worker Level 4		
Paypoint 1	140	38,771.77
Paypoint 2	145	39,860.21
Paypoint 3	150	40,844.64
Paypoint 4	155	41,933.07
Community Services Worker Level 5		
Paypoint 1	155	41,933.07
Paypoint 2	160	42,917.16
Paypoint 3	165	44,005.59
Paypoint 4	170	45,094.02
Community Services Worker Level 6		
Paypoint 1	170	45,094.02
Paypoint 2	175	46,182.46
Paypoint 3	180	47,270.89
Paypoint 4	185	48,359.32
Classification Level	% Trades	
Relativity	Minimum Annual Rate	
(inc 2005 SNA)		
Community Services Worker Level 7		\$
Paypoint 1	185	48,359.32
Paypoint 2	190	49,447.75
Paypoint 3	195	50,536.19
Community Services Worker Level 8		
Paypoint 1	200	51,624.62
Paypoint 2	205	52,713.05
Paypoint 3	210	53,801.49
Note 1: The percentage relativities to the trades rate do not include safety net adjustments.		
Note 2: Employees whose employment commenced prior to 3 June 2002 should refer to Schedule E for transitional provisions and wage rates.		
10.2 Weekly rate of pay is calculated by dividing current rate of pay per annum by 52.178.		
10.3 . The rates of pay in this award include the arbitrated safety net adjustment payable under the <i>Safety Net Review—Wages June 2005</i> decision [PR002005]. This arbitrated safety net adjustment may be offset against any equivalent amount in rates of pay received by employees whose wages and conditions of employment are regulated by this award which are above the wage rates prescribed in the award. Such above-award		

payments include wages payable pursuant to certified agreements, currently operating enterprise flexibility agreements, Australian workplace agreements, award variations to give effect to enterprise agreements and overaward arrangements. Absorption which is contrary to the terms of an agreement is not required.

Increases made under previous National Wage Case principles or under the current Statement of Principles, excepting those resulting from enterprise agreements, are not to be used to offset arbitrated safety net adjustments.



Market positioning considerations



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