

Rural Health Workforce Incentive Scheme

Summary This Policy Directive provides direction to health agencies regarding the application of permitted incentives to attract and retain rural health workforce

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Author branch Workforce Planning and Talent Development

Branch contact (02) 9391 9957

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Distributed to Ministry of Health, Public Health System, NSW Ambulance Service

Audience All Staff of NSW Health

Secretary, NSW Health

This Policy Directive may be varied, withdrawn or replaced at any time. Compliance with this directive is mandatory for NSW Health and is a condition of subsidy for public health organisations.



NSW Health

POLICY DIRECTIVE

Rural Health Workforce Incentive Scheme

POLICY STATEMENT

NSW Health recognises that attracting and retaining health workforce in rural areas of NSW can be challenging. To assist health agencies to stabilise the supply of health workers in rural locations, incentives over and above award entitlements may be offered to entice workforce to roles that are hard to fill and/or critical to service provision.

SUMMARY OF POLICY REQUIREMENTS

NSW Health uses the Commonwealth Department of Health Modified Monash Model to classify remoteness. All regions and towns within NSW are classified using the model to identify challenges regarding the provision of, and access to, health services.

A role located within areas classified MM3 to MM7 may be eligible for the application of incentives subject to confirmation of the role being hard to fill and critical to service delivery as outlined below.

Positions must be considered by the health agency Chief Executive and deemed to meet the definition of a hard to fill position as outlined in this Policy. Only those positions that meet the definition are eligible for consideration of incentives by health agencies.

In exceptional circumstances, the Ministry of Health may provide approval to a Chief Executive for the extension of additional incentives to roles that are considered critical.

The application of incentives within the NSW Health Service must comply with the approved incentive scheme structure. Chief Executives are expected to apply considered discretion and factor the potential flow on of entitlements to existing employees into decision making.

Individual employees are advised to consult a financial adviser before finalising their package. The incentive package made available to individual employees is to be valued at its gross value. Any fringe benefit tax liability is not counted as part of the value of the package and the employing health agency is responsible for payment of any fringe benefit tax incurred.

REVISION HISTORY

Version	Approved By	Amendment Notes
PD2022_025 July-2022	Deputy Secretary People Culture and Governance	New policy directive



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1. BACKGROUND

Health agencies in rural and remote areas of NSW may experience challenges to attract and retain health workforce. This Policy has been developed to assist health agency Chief Executives to apply appropriate incentives to attract and retain key workers.

The Policy provides authority to develop packages that may apply to individuals or a class of health workers to rural and remote locations, taking into account local circumstances, the nature of the vacancy, and the degree of difficulty in retaining health workers in the location.

1.1. About this document

This Policy provides direction to health agencies to design, develop and authorise appropriate packages of recruitment and retention incentives and benefits to assist in attracting and retaining health workers.

Health agency Chief Executives are authorised to approve packages up to the total value outlined in this Policy.

1.2. Key definitions

Rural and remote	Locations in NSW outside the metropolitan and regional city centres and their immediate surrounds. For the purposes of this Policy Directive, areas classified as MM3-MM7 using the Modified Monash Model are classified as rural and remote.
Modified Monash Model	Commonwealth Government Department of Health method used to define whether a location is a city, rural, remote or very remote.
Eligible location	Work locations in areas classified as MM3-MM7 using the Modified Monash Model. Other locations may be deemed rural and remote by the Ministry of Health taking into account unique location attributes that present challenges to attraction and retention of the health workforce.
Health worker	In the context of this Policy, health worker refers to employees of the NSW Health Service, engaged under the Health Services Act. Incentives under this Policy do not apply to contractors, agency nurses, Visiting Medical Officers or contingent workforce who are not paid through the NSW Health payroll.
Recruitment incentive	Financial and/or non-financial incentives or other benefits that may be offered to candidates to attract them to eligible health positions and roles



Retention incentive	Financial and/or non-financial incentives or other benefits that may be offered to existing members of the health workforce to retain them in eligible health positions and roles
Hard to fill role	A position or role located in an eligible location and meeting the criteria specified in this Policy
Critical vacancy	A vacant hard to fill position that is critical to service delivery, or quality and safety.
Priority transfer incentive	For term appointments, a right to return to a substantive position, or a transfer to a desired location negotiated with an employee that has completed three years of service in an eligible role at a MM5-MM7 location with prior Ministry of Health approval.
Class of role	Multiple roles of the same classification making up the establishment of that classification in a location.

1.3. Legal and legislative framework

NSW Department of Premier and Cabinet circular C2010-41 *Guidelines for Implementation of the Rural and Remote Incentive Scheme* provides the authority for nominated human services and justice agencies to apply some or all of the incentives within the Guideline in addition to any incentives currently available within their agency.

NSW Health Service is a nominated agency and has received additional approval from the Secretary of the Department of Premier and Cabinet (as the delegate) to apply the incentives to roles outside the definitions in the Guideline, using the Commonwealth Department of health's Modified Monash Model, to locations nominated as MM3-MM7.

This Policy is to be read in conjunction with the following authorities and any other applicable industrial instruments including any applicable Public Sector Determinations and or policies:

- [C2010-41 Guidelines for implementation of the rural and remote incentive scheme](#)
- [Government Sector Employment Act](#)
- [Health Services Act 1997](#)
- [Crown Employees \(Public Service Conditions of Employment\) Reviewed Award 2009 \(the Conditions award\)](#)
- [Crown Employees \(Transferred Employees Compensation\) Award](#)

2. THE INCENTIVE SCHEME

The incentive scheme, outlined in circular C2010-41, was developed to help agencies attract and retain employees in hard to fill rural and remote locations.

The health industrial instruments provide a range of employment conditions which may already operate as incentives for health workers. The incentive scheme provides nominated government agencies the discretion to apply some, or all of the available incentives outlined in this Policy in addition to incentives already available within their agency.

As a participating agency, the NSW Health Service (and all of its health agencies) is able to apply the full range of incentives, including those that would not ordinarily be available to employees of the NSW health system, to provide a more attractive remuneration package to assist with both recruitment and retention to eligible positions.

2.1. Eligible locations

Roles located in rural and regional localities may be eligible for incentives.

NSW Health uses the Commonwealth Department of Health Modified Monash Model to classify remoteness. All regions and towns within NSW are classified using the model to identify challenges regarding the provision of, and access to, health services.

Categories are defined clearly and are available on the [Commonwealth Department of Health website](#).

Metropolitan Sydney, Gosford, Newcastle and Wollongong are classified MM1, and suburbs and localities immediately surrounding these areas within 20kms are generally classified as MM2. No incentives are available under this Policy to roles within MM1 and MM2 locations.

The [Map of incentivised locations in NSW Health](#) identifies the locations classified as MM3 to MM7. A role located within areas classified MM3 to MM7 may be eligible for the application of incentives subject to confirmation of the role being hard to fill and critical to service delivery as outlined below.

2.2. Eligible positions and roles

Positions must be considered by the health agency Chief Executive and deemed to meet the definition of a hard to fill position as outlined below. Only those positions that meet the definition are eligible for consideration of incentives by health agencies.

Identifying hard to fill positions

To be eligible for incentives, vacant roles must be located in a defined MM3-MM7 locality, and assessed by the Chief Executive of the health agency as:

- having an established history of being an occupational classification, professional classification, or specialist health worker classification that is hard-to-fill or high in turnover in the defined MM3-MM7 locality, and
- having been advertised on at least two occasions and resulting in no suitable candidates being offered the role, and

- being critical to service provision, and there is an urgent need to ensure service delivery or similar imperative where alternate workforce arrangements present costs to the agency above the value of the incentives available under this Policy.

Payment of incentives outside the above definition will only be available upon Chief Executives consulting and seeking the approval of the Workforce Planning and Talent Development Branch, Ministry of Health.

Critical vacancies

In exceptional circumstances, the Ministry of Health may provide approval to a Chief Executive for the extension of additional incentives to roles that are considered critical.

Critical vacancies must be located in a defined MM3-MM7 locality, and assessed by the Chief Executive of the health agency as

- meeting the definition of a hard to fill position, and
- a vacancy that results in **concerns for quality and safety of patient care**, and which if left unresolved, may lead to consideration of significant **service changes or service closures**, and
- categorised, using the Enterprise-wide risk matrix, as a significant risk with a consequence rating of A, B, C, D or E (refer [NSW Health Risk Matrix](#))

Approval must be sought through the Workforce Planning and Talent Development Branch. A register of positions considered critical vacancies that have approved incentives under this definition will be retained by the Ministry of Health.

A review of critical positions will be conducted annually, and health agencies will be required to confirm the need to retain the roles incentivised under this definition.

2.3. Application of incentives to a class of roles

Where it is necessary to incentivise employment to hard to fill positions and there are existing health workers of that classification already in the location, it may be necessary to apply the incentives to the existing workforce as retention payments. The value of the retention payments are to equal the incentive package to attract and recruit candidates to the roles, exclusion any relocation costs. In this case, the Chief Executive must consider and approve the incentives to the class of roles, and flow on must be limited only to those in the classification.

For example, it may be necessary to incentivise Pharmacists to a location without a requirement to incentivise Registered Nurses. Directors of People and Culture will need to sensitively manage communications with impacted staff and the sub-branches of the relevant industrial association.

3. RESPONSIBILITIES

3.1. Health agencies

Health agency Chief Executives

Chief Executives of health agencies have the responsibility for determining the eligibility of roles and for the management and control of incentives, including confirmation that funding is available. Chief Executives must ensure that incentives are reflective of need and scaled in accordance with these considerations. The authority to approve incentives in line with this Policy must remain with the Chief Executive and is unable to be delegated to subordinate officers.

Health agency Directors of People and Culture

Directors of People and Culture are responsible for recommending the application of incentives for eligible positions to Chief Executives, including the quantum and scope of the incentive to be offered. Recurrent funding must be identified for recruitment and retention incentives that present ongoing cost to the agency prior to the recommendation being made.

Directors of People and Culture must ensure that appropriate information for staff members that are eligible for priority transfer to another health agency is provided to the receiving health agency to facilitate the transfer as quickly as possible upon the staff member becoming eligible.

Managers in health agencies

Managers in health agencies are responsible for the identification of hard to fill positions and for notifying the relevant People and Culture unit of key and critical vacancies.

3.2. Ministry of Health

Workforce Planning and Talent Development Branch

The Ministry of Health's Workforce Planning and Talent Development Branch (WPTD) is responsible for:

- the governance of the scheme in NSW Health, and the management of the policy framework,
- the determination of locations in accordance with the Modified Monash Model,
- approving the extension of incentives for roles deemed critical vacancies.

Workplace Relations Branch

The Workplace Relations Branch is responsible for:

- providing advice on entitlements available under the scheme, and guiding health agencies to ensure the appropriate application of incentives,

- advising health agency Directors of People and Culture and Chief Executives of the policy and scheme rules, including the Tier of incentives that may apply to individual positions and/or classes of roles at locations,
- liaising and negotiating with industrial associations in relation to application of incentives and dealing with any disputes escalated from health agencies that may have state-wide implications.

4. STRUCTURE OF AVAILABLE INCENTIVES

The incentive scheme comprises a range of existing incentives available within applicable industrial instruments, as well as a full suite of options as outlined in the scheme (Tier 1 and Tier 2 incentives) available for positions deemed as hard to fill or critical.

Section 6 in this Policy provides a structure of available incentives. Some general conditions outlined in Section 6.7 may require additional advice from Workplace Relations Branch as to their applicability in the NSW Health Service.

Accommodation subsidies may be considered a base incentive, and available on top of the approved suite of incentives.

The application of incentives within the NSW Health Service must comply with the structure below. Chief Executives are expected to apply considered discretion and factor the potential flow on of entitlements to existing employees into decision making.

The following suite of options may be used to construct recruitment incentive packages and retention packages.

Note that roles at MM6 and MM7 locations do not require Ministry of Health approval to be deemed critical vacancies, and the full suite of incentives below can be applied to hard to fill roles in these locations. Items that make up an incentive package may still require Ministry of Health approval.

Critical vacancies in Broken Hill, given its remoteness, are entitled to incentives available under the MM6 classification in the table below.

Rating	Base Incentive	Hard to fill	Critical (MOH Approval)
MM3	Relevant Award Entitlements Accommodation assistance	Professional development Computer/Internet reimbursement Additional personal leave Additional base salary Package value \$5000	Hard to fill + Relocation benefits Return airfare home Compassionate travel Increase package up to \$10,000
MM4	Relevant Award Entitlements Accommodation assistance	Professional development Computer/Internet reimbursement Additional personal leave Additional base salary	Hard to fill + Relocation benefits Return airfare home Compassionate travel

		Package value \$5000	Increase package up to \$10,000
MM5	Relevant Award Entitlements Accommodation assistance	Professional development Computer/Internet reimbursement Additional personal leave Additional base salary Return airfare home Compassionate travel Package value \$10000	Hard to fill + Relocation benefits Family travel assistance Package value \$10000 + relocation + Family travel assistance
MM6	Relevant Award Entitlements Relocation benefits (MOH Approval required) Accommodation assistance	MM5+ Reimbursement of utilities Family travel assistance Transfer incentives (MOH Approval required) Study assistance Cash bonus Package value \$10000 + Relocation + Family travel assistance	
MM7	Relevant Award Entitlements Relocation benefits (MOH Approval required) Accommodation assistance	MM6+ Credit for study leave (MOH Approval required) Package value \$10000 + Relocation + Family travel assistance + Study leave after 3 years	

5. PRIORITY TRANSFER INCENTIVE

For term based incentivised appointments, the Ministry of Health may approve a right of return to substantive position, or a priority transfer to another preferred location for a health worker who accepts and completes service in a role for a minimum period of three years in a location classified as MM5-MM7. The approval must be provided by the Ministry prior to acceptance of the role at the MM5-MM7 location and must be included as a prescribed component of the incentive package on offer.

Appointments to Broken Hill and Moree may be treated as eligible for priority transfer in line with this clause if identified as a hard to fill and/or critical vacancy, and with prior approval of the Ministry of Health.



Any right of return or priority for transfer will be at the employees former substantive classification immediately prior to taking up the incentivised appointment.

For example, a Registered Nurse 6th year accepts an incentivised 3-year appointment to an MM5 location as a Nursing Unit Manager Level 1 and negotiates a right of return to substantive position. The right of return to substantive position will be at Registered Nurse classification, with appropriate consideration of what service should be counted toward their increment.

Return to substantive position

For a return to substantive position, the home health agency must accept the return of the employee at their former level and the right to return to service must not be withheld. If the employee's former role has been filled, the employee must be appointed to the most appropriate like position.

Priority transfer to another preferred location

At the conclusion of the 3-year period, and upon certification of the releasing Chief Executive that the period of service has been completed, the employee will be considered a priority candidate for roles at level at the preferred location, and must be provided with priority assessment as an 'affected staff member' under NSW Health Policy Directive *Recruitment and Selection of Staff to the NSW Health Service* ([PD2017_040](#)).

At level means the employees substantive classification immediately prior to taking up the incentivised appointment.

It is expected that for Registered Nurse and Registered Midwife roles the health agency will appoint the priority candidate immediately above establishment and allocate to the next vacancy as it arises, and not wait for a vacancy to occur.

6. ACCEPTING SUBSEQUENT INCENTIVISED ROLES

A health worker in receipt of an incentive package is not entitled to receive incentives for a new incentivised role at the same or lesser MM classification within two years of commencement in the current role.

A health worker in receipt of an incentive package is only eligible for a further incentive package associated with a new role within two years of commencing in the current role if the new role is at a location with a higher MM classification.

At the conclusion of two years' service the health worker becomes eligible to receive incentives associated with a role at any eligible location.

If the health worker is transferring within one health agency to another incentivised role at the same MM classification, they may continue to receive incentives under the current package.

7. REPAYMENT REQUIREMENT

If a health worker accepts and commences an incentivised appointment and is in receipt of incentive payments and relocation expenses, and then leaves the role within 18 months of commencement, the following repayment requirement will apply:

Time served in role	Repayment requirement
Less than 6 months	100% of relocation and incentive payments received
Greater than 6 months and less than 1 year	65% of the total relocation and incentive payments received
Greater than 1 year and less than 18 months	35% of the total relocation and incentive payments received
Greater than 18 months	Nil

Health agencies must seek reimbursement at the earliest opportunity and make appropriate adjustments to taxation and superannuation records, and payment summaries, where relevant.

Note: The repayment requirement does not apply to health workers who are leaving an incentivised role within the 2-year period to take up another incentivised role at a location with a higher MM classification.

8. FRINGE BENEFIT TAX

Health agencies are responsible for the application of appropriate taxation treatment to all incentive items being provided.

Individual employees are advised to consult a financial adviser before finalising their package. The incentive package made available to individual employees is to be valued at its gross value. Any fringe benefit tax liability is not counted as part of the value of the package and the employing health agency is responsible for payment of any fringe benefit tax incurred.

9. RECORD KEEPING

Health agencies must keep a record of all roles and positions that are identified as hard to fill, identified as a critical vacancy, and all employees in receipt of an incentivised remuneration arrangement.

C2010-41 Guidelines for Implementation of the Rural and Remote Incentive Scheme (Section 6.10 and TAB F) outlines the records required to be maintained at health agency level.

The Ministry of Health will retain a register of positions considered critical vacancies that have additional approved incentives as outlined above at section 2.1.1.