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2006 Broader Market Comparison – APS SES and Non-SES Remuneration Department of Employment and Workplace Relations

Data as at 31 December 2006

MERCER

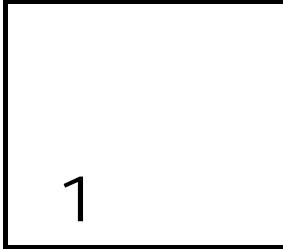
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Executive Summary

Survey Purpose and Objectives

The Department of Employment and Workplace Relations (DEWR) commissioned Mercer Human Resource Consulting (Mercer) to conduct the 2006 APS Remuneration Survey. The 2006 APS Non-SES and SES Remuneration Surveys, plus the Broader Market Comparison, provide a comprehensive overview of remuneration trends and outcomes across the APS. These reports also provide information about remuneration in State and Territory public services and the wider market with a view to informing APS agencies in the determination of remuneration practices and policy.

More specifically, the 2006 APS Remuneration Survey seeks to provide:

- updated information and analysis of overall SES and non-SES remuneration by comparison with previous APS Remuneration Surveys
- detailed information about individual components of the total SES and non-SES remuneration packages and the total value of each package by classification and agency
- accurate estimates of the remuneration ranges for the classifications in each agency and the APS as a whole
- capacity for agencies to compare remuneration of their SES and non-SES employees with comparable positions in the private sector and State and Territory public services
- individual agency reports which allow each participating agency to compare its current data with APS-wide data.

It should be noted that the APS Remuneration Survey focuses on monetary benefits and does not take into account non-monetary benefits in its analysis.

The 2006 APS Remuneration Survey is based on a sample of remuneration data as at 31 December 2006 and payments/entitlements for the 2006 calendar year. The 2006 APS Remuneration Survey findings are presented in four reports: an SES Report, a Non-SES Report, a Broader Market Comparison Report and Individual Agency Reports.

Survey Participants and Sample Size

A total of 56 agencies participated in the 2006 APS Remuneration Survey. Of these, 50 agencies participated in 2005 with six new agencies participating in 2006. Of the total 93,972 records submitted (out of an approximate total of 146,000 APS employees), 2,169 records were for SES employees of which 2,052 records were included in the SES survey remuneration database. Of the total 91,803 non-SES records, 27,055 were included in the non-SES survey remuneration database using a sampling framework developed by DEWR, the Australian Bureau of Statistics and Mercer. When preparing Individual Agency Reports, all data submitted by each agency was used.

Sample size for both SES and non-SES groups are the largest in the history of conducting this survey, and represent an increase of 13.4% for SES employees and 9.5% for non-SES employees over 2005.

Methodology

In 2006, all APS agencies were invited by DEWR to participate in the 2006 APS Remuneration Survey. Participating agencies attended a survey briefing in December 2006 and completed relevant survey questionnaires.

In order to ensure the accuracy of the data collected, Mercer performed several integrity checks internally. Where the data was not within expected values, Mercer returned the data to the relevant agency for confirmation and only included data once it had been confirmed. Over 3,000 calculations (such as the costing of individual packages and the main remuneration statistics quoted throughout this report) were then submitted to the Statistics Department of the University of New South Wales for review. Once the calculations were confirmed, Mercer finalised the dataset and commenced data analysis and reporting.

This survey has been conducted by Mercer who has been commissioned by DEWR. Prior to releasing the final report, Mercer and DEWR agreed all items to be included in the analyses. Mercer presented a summary of initial findings and then draft reports to DEWR for review. However, Mercer retains full responsibility for the accuracy and integrity of all data presented in this report.

The salary information in the 2006 survey has been compared to the 2005 information in many cases. This analysis is presented throughout the report as the 2005 to 2006 movement, represented as a percentage. This refers to the change in the sample on sample data from the 2005 calendar year to the 2006 calendar year in all instances.

The methodology used to determine the Combined Public Service (CPS) data is identical to the 2005 report. The 2006 CPS analysis uses a remuneration range spanning the minimum to the maximum of the reported remuneration ranges across all State and Territory public services (excluding Tasmania¹).

¹ Unlike other State and Territory jurisdictions, Tasmania does not use a work value methodology to underpin the classification of non-SES equivalent positions; hence relativities to the APS cannot be determined with sufficient precision.

Calculation of Statistics and Missing Data

The following approach has been used to represent missing, suppressed or 'zero' returns:

- where fewer than three agencies provide a component (i.e. data is suppressed to ensure confidentiality) the symbol '--' is used
- where no data is provided, a '-' is used
- where a zero value is returned, the number zero ('0') is shown.

To ensure confidentiality of information for small sample sizes, statistics will not be published unless the following criteria for both case numbers and agency numbers are met or exceeded:

- average and standard deviation – at least three records from three or more agencies
- Q1, median, Q3 – at least four records from four or more agencies
- maximum and minimum – more than 10 records from four or more agencies.

Definitions

Definitions which are specific to this report are detailed below. Generic definitions which are used across all four reports are detailed in Appendix A.

Midpoint

The midpoint is calculated by summing the minimum and maximum values of a range of figures and dividing this value by two.

Comparatios

Comparatios (CR) are a representation of market relativity, and are commonly defined as the ratio between an actual remuneration rate and a comparable remuneration market/benchmark rate, and are expressed as an integer with two decimal places. APS data is defined as 1.00, with other jurisdictions' competitive positioning being assessed against the APS. For example, a jurisdiction's outcome of 0.92 would indicate that it is 8% below the APS (1.00).

Trendlines

Trendlines, as referred to in this report, are regression lines derived from work value points and the corresponding published rates of pay.

Aim of This Report

The 2006 Broader Market Comparison – SES and Non-SES Remuneration report provides a detailed analysis of APS SES and non-SES remuneration against equivalent positions within State and Territory public services as well as the private sector. This approach involves comparing the actual remuneration levels for APS SES and non-SES employees against the published remuneration ranges of each State and Territory public service (excluding Tasmania in order to be consistent with previous surveys).

In preparing this report, Mercer researched the published remuneration levels in each jurisdiction, and has also drawn from its extensive remuneration databases and consultant knowledge of SES and non-SES equivalent positions within both the public service and the private sector.

Comparative remuneration analyses against State and Territory public services (excluding Tasmania) and the private sector are based on a comparison of work value levels and associated remuneration information that apply to comparable positions. Work value is a numerical measure of job size determined by assessing the responsibilities and accountabilities of a role. Use of this method enables fair and accurate comparisons to be drawn between the APS, other public services and the private sector, even though classification and remuneration structures are different. (Appendix A shows the Mercer work value points standards used for the APS classification structure).

This report should be read in conjunction with the APS SES and Non-SES Remuneration Survey reports.

Main Remuneration Findings

The detailed analysis of APS SES and non-SES Base Salary, Total Remuneration Package (TRP) and Total Reward (TR) against the CPS and the private sector is contained in Sections 2 and 3 respectively. A summary of the main findings is outlined below.

Combined Public Service (CPS) – Base Salary

The CPS analysis uses a remuneration range spanning from the minimum to the maximum of the reported remuneration ranges across the relevant State and Territory jurisdictions. The CPS midpoint is the value half-way between the minimum and maximum. The relative competitive positioning of Base Salary for all non-SES classifications in comparison to the CPS has generally been maintained in 2006, as shown in Table 1.1. Overall, the average median 2006 Base Salary movement across all non-SES classifications (excluding Graduates) was 4.0%. This compares to the overall CPS 2006 Base Salary midpoint movement of 3.5% for non-SES equivalent positions in other jurisdictions.

APS SES Base Salary has not been compared because most State jurisdictions manage SES remuneration on a TRP basis.

Table 1.1 – Median Base Salary Comparisons for Non-SES Classifications with the CPS Midpoint

Classification	APS Median 2006	CPS 2006	Difference	Comparatio	
				2006	2005
APS 1	\$35,371	\$31,457	\$3,914	0.89	0.89
APS 2	\$40,300	\$38,940	\$1,360	0.97	0.96
APS 3	\$45,345	\$43,637	\$1,708	0.96	0.96
APS 4	\$50,833	\$48,335	\$2,498	0.95	0.95
APS 5	\$56,400	\$53,424	\$2,976	0.95	0.96
APS 6	\$65,519	\$59,296	\$6,223	0.91	0.91
EL 1	\$80,921	\$65,168	\$15,753	0.81	0.81
EL 2	\$100,000	\$73,864	\$26,136	0.74	0.74

Comparatios reflect APS set at 1.00.

Combined Public Service (CPS) – Total Remuneration Package (TRP)

In terms of TRP, all non-SES classifications generally maintained or improved their relative competitive positioning against the CPS, as detailed in Table 1.2. Overall, the median 2006 TRP movement across all non-SES classifications (excluding Graduates) was 4.4%. This compares to the overall CPS 2006 TRP midpoint movement of 3.5% for non-SES equivalent positions.

SES TRP has increased its competitive positioning slightly by between 1% and 3%. APS median TRP values for each SES band remain higher than their State/Territory public service counterparts. Overall, the median 2006 TRP movement across SES 1 to SES 3 was 5.0%, however the overall CPS 2006 TRP midpoint movement was 3.0% for SES equivalent positions. Please refer to Appendix B for further detail.

Table 1.2 – Median APS TRP Comparisons with the CPS

Classification	APS Median 2006	CPS 2006	Difference	Comparatio	
				2006	2005
APS 1	\$40,570	\$34,711	\$5,859	0.86	0.88
APS 2	\$46,141	\$42,968	\$3,173	0.93	0.93
APS 3	\$52,356	\$48,152	\$4,204	0.92	0.92
APS 4	\$58,395	\$53,336	\$5,059	0.91	0.92
APS 5	\$64,717	\$58,952	\$5,765	0.91	0.92
APS 6	\$75,536	\$65,431	\$10,105	0.87	0.88
EL 1	\$93,784	\$71,911	\$21,873	0.77	0.77
EL 2	\$117,832	\$81,506	\$36,326	0.69	0.69
SES 1	\$177,857	\$156,544	\$21,313	0.88	0.89
SES 2	\$220,691	\$196,683	\$24,008	0.89	0.91
SES 3	\$276,446	\$257,185	\$19,261	0.93	0.96

Comparatios reflect APS set at 1.00.

Combined Public Service (CPS) – Total Reward (TR)

This section provides summary information on APS SES employees only, as no State/Territory public services provide bonuses to non-SES equivalent positions, therefore a detailed comparison at the TR aggregate has not been undertaken. From a TR perspective, the SES competitiveness over the CPS increased slightly by an average of 2% (for SES 1 and SES 2), as shown in Table 1.3.

Overall, median TR movement across SES 1 to SES 3 from 2005 to 2006 was 5.7%. This compares to the overall CPS 2005 to 2006 TR midpoint movement of 3.8% for equivalent SES bands. As can be seen in Table 1.3, median APS TR values for each SES band are around \$18,000 to \$27,000 higher than their State/Territory public service counterparts.

Table 1.3 – Median SES TR Comparisons with the CPS

Classification	APS Median		Difference	Comparatio	
	2006	CPS 2006		2006	2005
SES 1	\$184,809	\$163,905	\$20,904	0.89	0.91
SES 2	\$231,336	\$204,365	\$26,971	0.88	0.90
SES 3	\$289,590	\$271,042	\$18,548	0.94	0.94

Comparatios reflect APS set at 1.00.

Private Sector – Base Salary

The relative competitive positioning of Base Salary for all non-SES classifications in comparison to the private sector has been broadly maintained in 2006, as detailed in Tables 1.4 and 1.5 which compare non-SES Base Salary medians with private sector Q1 and median figures. Overall, the median 2006 Base Salary movement across all non-SES classifications (excluding Graduates) was 4.0%, which is the same as private sector 2006 Base Salary movements at Q1 and the median for non-SES equivalent positions.

Table 1.4 – Median Base Salary Comparisons for Non-SES Classifications with the Private Sector Q1

Classification	APS Median 2006	Private Sector Q1	Difference	Comparatio	
				2006	2005
APS 1	\$35,371	\$24,911	\$10,460	0.70	0.72
APS 2	\$40,300	\$36,472	\$3,828	0.91	0.90
APS 3	\$45,345	\$45,142	\$203	1.00	0.99
APS 4	\$50,833	\$53,813	-\$2,980	1.06	1.05
APS 5	\$56,400	\$61,225	-\$4,825	1.09	1.09
APS 6	\$65,519	\$69,778	-\$4,259	1.07	1.07
EL 1	\$80,921	\$78,331	\$2,590	0.97	0.97
EL 2	\$100,000	\$90,989	\$9,011	0.91	0.91

Comparatios reflect APS set at 1.00.

As can be seen from Table 1.4, median Base Salary values for APS 1, APS 2, APS 3, EL 1 and EL 2 classifications are higher than the Q1 Base Salary for equivalent positions in the private sector.

Table 1.5 – Median Base Salary Comparisons for Non-SES Classifications with the Private Sector Median

Classification	APS Median 2006	Private Sector Median	Difference	Comparatio	
				2006	2005
APS 1	\$35,371	\$26,934	\$8,437	0.76	0.77
APS 2	\$40,300	\$40,008	\$292	0.99	0.99
APS 3	\$45,345	\$49,813	-\$4,468	1.10	1.09
APS 4	\$50,833	\$59,618	-\$8,785	1.17	1.17
APS 5	\$56,400	\$68,686	-\$12,286	1.22	1.22
APS 6	\$65,519	\$79,149	-\$13,630	1.21	1.21
EL 1	\$80,921	\$89,612	-\$8,691	1.11	1.10
EL 2	\$100,000	\$105,098	-\$5,098	1.05	1.05

Comparatios reflect APS set at 1.00.

As can be seen from Table 1.5, the private sector median Base Salary values are higher than the corresponding APS median for all classifications except APS 1 and APS 2. However, the APS has maintained its relative competitive position against the private sector from 2005, as the 2006 comparatios at the median are almost identical to the 2005 comparatios.

Graduates

In 2006, the median range of graduate Base Salaries in the private sector ranged from \$45,000 to \$48,000 across different job families, compared to the APS median of \$43,412. In the private sector, Engineering, Science and Accounting graduates typically started at higher Base Salaries than graduates from other disciplines. On average, APS graduate Base Salaries (\$43,810) are 4.6% below those in the private sector (\$45,823).

Private Sector – Total Remuneration Package (TRP)

All non-SES classifications have generally maintained their relative competitive positioning against the private sector, as outlined in Tables 1.6 and 1.7. Competitiveness against the private sector decreases at the APS 6 and EL 1 and EL 2 classifications when considered at the TRP aggregate, due to additional benefits (such as vehicles) typically offered in the private sector at these work value levels. Overall, the median 2006 TRP movement across all non-SES classifications (excluding Graduates) was 4.4%. This compares to the overall private sector 2006 TRP movements of 4.1% at Q1 and the median for non-SES equivalent positions.

SES TRP competitiveness has improved slightly against the private sector over the past 12 months. Overall, the median 2006 TRP movement across SES 1 to SES 3 was 5.0%. This is slightly higher than the overall comparative private sector 2006 TRP movements of 4.3% at Q1 and the median for SES equivalent positions.

Table 1.6 – Median APS TRP Comparisons with the Private Sector Q1

Classification	APS Median 2006	Private Sector Q1	Difference	Comparatio	
				2006	2005
APS 1	\$40,570	\$27,155	\$13,415	0.67	0.70
APS 2	\$46,141	\$39,909	\$6,232	0.86	0.86
APS 3	\$52,356	\$49,649	\$2,707	0.95	0.95
APS 4	\$58,395	\$59,388	-\$993	1.02	1.01
APS 5	\$64,717	\$69,666	-\$4,949	1.08	1.08
APS 6	\$75,536	\$84,540	-\$9,004	1.12	1.12
EL 1	\$93,784	\$101,685	-\$7,901	1.08	1.08
EL 2	\$117,832	\$123,550	-\$5,718	1.05	1.04
SES 1	\$177,857	\$162,055	\$15,802	0.91	0.91
SES 2	\$220,691	\$230,346	-\$9,655	1.04	1.05
SES 3	\$276,446	\$348,512	-\$72,066	1.26	1.28

Comparatios reflect APS set at 1.00.

Table 1.7 – Median APS TRP Comparisons with the Private Sector Median

Classification	APS Median 2006	Private Sector Median	Difference	Comparatio	
				2006	2005
APS 1	\$40,570	\$29,353	\$11,217	0.72	0.75
APS 2	\$46,141	\$43,804	\$2,337	0.95	0.95
APS 3	\$52,356	\$54,848	-\$2,492	1.05	1.04
APS 4	\$58,395	\$65,893	-\$7,498	1.13	1.13
APS 5	\$64,717	\$78,116	-\$13,399	1.21	1.21
APS 6	\$75,536	\$95,817	-\$20,281	1.27	1.27
EL 1	\$93,784	\$116,245	-\$22,461	1.24	1.24
EL 2	\$117,832	\$143,032	-\$25,200	1.21	1.20
SES 1	\$177,857	\$192,385	-\$14,528	1.08	1.08
SES 2	\$220,691	\$281,341	-\$60,650	1.27	1.28
SES 3	\$276,446	\$431,147	-\$154,701	1.56	1.58

Comparatios reflect APS set at 1.00.

Private Sector – Total Reward (TR)

From a TR perspective, the competitive position of SES remuneration has increased by between 1% and 3%. Overall, the median 2006 TR movement across SES 1 to SES 3 was 5.7%. This compares to the overall private sector 2006 TR movements of 4.3% at both Q1 and the median for SES equivalent positions.

Table 1.8 – Median SES TR Comparisons with the Private Sector Q1

Classification	APS Median 2006	Private Sector Q1 2006	Difference	Comparatio	
				2006	2005
SES 1	\$184,809	\$172,232	\$12,577	0.93	0.94
SES 2	\$231,336	\$247,705	-\$16,369	1.07	1.09
SES 3	\$289,590	\$390,499	-\$100,909	1.35	1.37

Comparatios reflect APS set at 1.00.

Table 1.9 – Median SES TR Comparisons with the Private Sector Median

Classification	APS Median 2006	Private Sector Median 2006	Difference	Comparatio	
				2006	2005
SES 1	\$184,809	\$212,037	-\$27,228	1.15	1.16
SES 2	\$231,336	\$316,075	-\$84,739	1.37	1.39
SES 3	\$289,590	\$513,916	-\$224,326	1.77	1.80

Comparatios reflect APS set at 1.00.

Tables 1.8 and 1.9 indicate that, from a TR perspective, remuneration for all SES bands is well below the private sector. The differential is due to actual bonuses paid to private sector executives being substantially higher than actual bonuses paid to SES employees.

Over the past few years, actual bonus payments for many private sector executives have been higher than normal, driven by the current economy and high levels of company profitability in some sectors.

Benefits and Bonuses – Private Sector

SES 1 to SES 3

SES median motor vehicle values (\$21,344 to \$23,000 depending on SES band) are very competitive against private sector vehicle values, (although it should be noted that an increasing number of Mercer's private sector clients do not separately itemise the vehicle cost, as more companies manage remuneration on a TRP basis, and use novated leases for vehicles).

SES median superannuation values (\$23,105 to \$50,903) are extremely competitive in comparison to the private sector (\$15,708 to \$18,941), with SES employees receiving two to three times the contribution of equivalent positions within the private sector generally.

SES median actual bonus payments of \$8,050 to \$15,777 are, however, are significantly lower than the private sector medians of \$29,551 to \$58,957. SES 1 to SES 3 median payments are one-third to one-fourth of those found in the private sector.

APS 1 to EL 2

Non-SES median superannuation values (\$5,237 to \$14,962 depending on classification) are competitively positioned in comparison to the private sector medians (\$3,890 to \$9,736).

Only 1% of EL 1 and 2-3% of EL2 employees received a vehicle benefit in 2006. This is quite different to the trend in the private sector, as vehicles start to be provided in the salary packages of EL 1 and EL 2 equivalent positions. This is the main reason why the competitiveness of TRP for the EL 1 and EL 2 classifications with the private sector is significantly less than the EL 1 and EL 2 Base Salary competitiveness.

2

Relative Position of APS SES and Non-SES TRP with the Combined State/Territory Public Service

This section compares APS SES and non-SES TRP against the CPS. The CPS analysis utilises a remuneration range spanning the minimum to the maximum of the reported remuneration ranges across all State and Territory public services (excluding Tasmania). Mercer's analysis compares the APS median to the CPS midpoint. 2005 results have also been included in many of the tables for comparative purposes, enabling the assessment of year on year movements and competitive positioning.

APS SES Base Salary and TR values have not been compared to the CPS, because most State jurisdictions manage SES remuneration on a TRP basis. Similarly, as bonuses are not a significant feature of reward for APS non-SES classifications or non-SES equivalent positions in State public services, Mercer has undertaken a detailed comparative analysis against the CPS on the basis of TRP, but not on TR.

APS Graduate analysis has also been excluded as part of the CPS analysis, as new graduates in most jurisdictions are classified and remunerated within each State or Territory's existing grade and salary structures, even though they may be part of a graduate program.

The data used in the CPS analysis is based on work value and a regression analysis of the reported ranges for each jurisdiction. Similar to previous years, Mercer has adjusted the reported motor vehicle values of each jurisdiction to reflect a fair market value of the vehicle, ensuring the true TRP value of some jurisdictions are appropriately calculated and hence can be fairly compared to APS TRP values.

In undertaking the comparative analysis of APS SES bands and CPS equivalent positions, fixed term contract remuneration rates were used for CPS equivalent positions within the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia, Victoria and Western Australia. Only the two jurisdictions of South Australia and Western Australia continue to have optional tenured employment arrangements for SES employees.

For detailed analysis on APS SES and non-SES TRP against individual public service jurisdictions, please refer to Appendix C.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1 to SES 3

Table 2.1 – Median SES TRP Comparisons with the CPS

	SES 1	CPS	CR	SES 2	CPS	CR	SES 3	CPS	CR
2006	\$177,857	\$156,544	0.88	\$220,691	\$196,683	0.89	\$276,446	\$257,185	0.93
2005	\$170,416	\$150,918	0.89	\$210,861	\$191,598	0.91	\$260,983	\$250,761	0.96

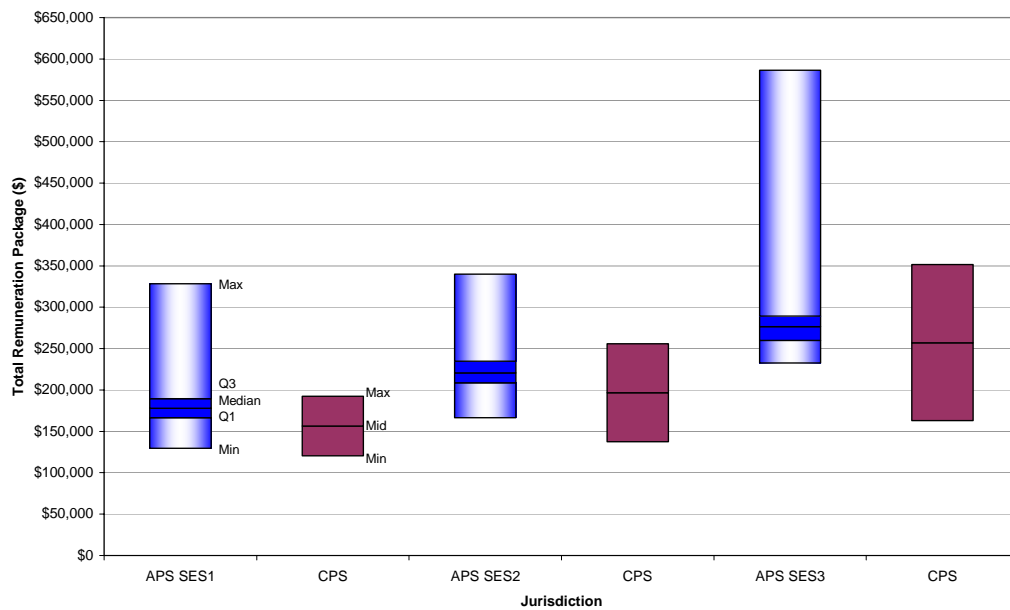
CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.2 – Median SES TRP Movement Comparisons with the CPS

	SES 1	CPS	SES 2	CPS	SES 3	CPS
	m	m	m	m	m	m
2006	4.4%	3.7%	4.7%	2.7%	5.9%	2.6%
2005	3.3%	3.8%	3.7%	6.6%	4.1%	6.3%

m = movement

Chart 2.1 – TRP Comparison in 2006 for SES 1 to SES 3



Tables 2.1 and 2.2 and Chart 2.1 show that:

- SES 1 to SES 3 TRP medians are positioned 12%, 11% and 7% above the CPS midpoint respectively (compared to 11%, 9% and 4% above in 2005)
- SES 1 to SES 3 employees whose TRP is above Q3 are very competitively positioned against the CPS median
- SES 1 to SES 3 employees between Q1 and Q3 remain competitively positioned against the CPS median, being rewarded predominately within the upper half of the CPS range
- SES 1 to SES 3 employees below Q1 are well positioned against the lower half of the CPS range, with minimum TRP for SES 1 to SES 3 above the minimum of the corresponding CPS minimum
- in 2006, annual SES 1 to SES 3 TRP median movements were above midpoint movements for corresponding CPS equivalent positions (by 0.7%, 2% and 3.3% for SES 1, SES 2 and SES 3 respectively). This is a reversal of movements seen in 2005. Movements for SES-equivalent positions in some jurisdictions are reflective of a two-year review cycle.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1 to APS 3

Table 2.3 – Median APS 1 to APS 3 TRP Comparisons with the CPS

	APS 1	CPS	CR	APS 2	CPS	CR	APS 3	CPS	CR
2006	\$40,570	\$34,711	0.86	\$46,141	\$42,968	0.93	\$52,356	\$48,152	0.92
2005	\$37,930	\$33,376	0.88	\$44,604	\$41,417	0.93	\$50,472	\$46,463	0.92

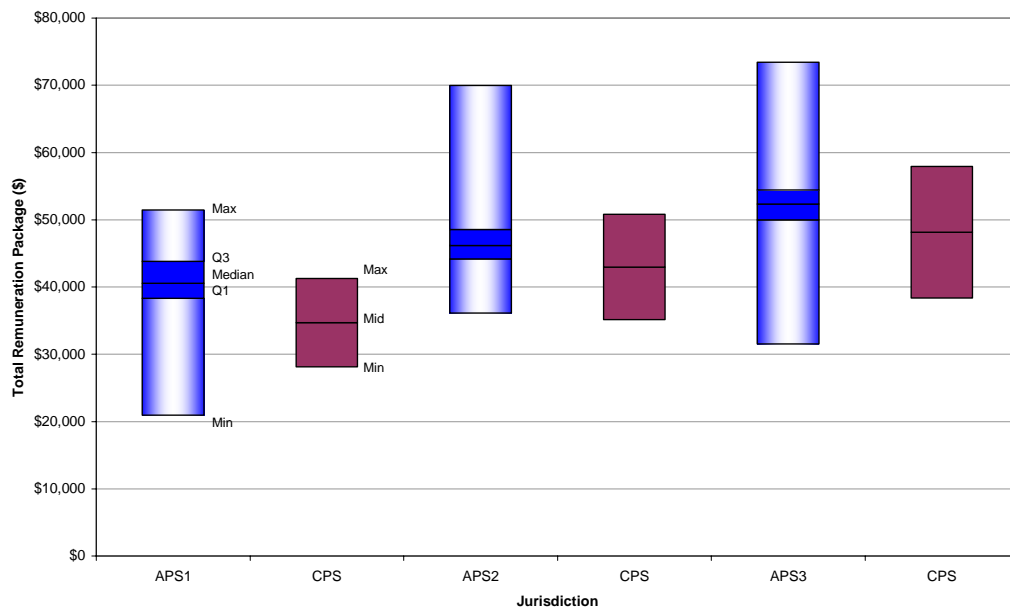
CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.4 – Median APS 1 to APS 3 TRP Movement Comparisons with the CPS

	APS 1	CPS	APS 2	CPS	APS 3	CPS
	m	m	m	m	m	m
2006	7.0%	4.0%	3.4%	3.7%	3.7%	3.6%
2005	2.3%	4.0%	3.6%	3.6%	4.1%	3.5%

m = movement

Chart 2.2 – TRP Comparison in 2006 for APS 1 to APS 3



Tables 2.3 and 2.4 and Chart 2.2 show that:

- APS 1 to APS 3 TRP medians are competitive against the CPS midpoints. The competitive position has improved slightly at the APS 1 level and been maintained at the APS 2 and APS 3 levels since 2005
- the majority of APS 1 employees are competitively positioned against the CPS, as few APS 1 employees have a TRP below \$30,000
- it is unlikely that any agency would be experiencing attraction/retention difficulties from other State/Territory public services for APS 1 to APS 3 employees due to remuneration factors.

Total Remuneration Package (TRP) Analysis – APS 4 to APS 6

Table 2.5 – Median APS 4 to APS 6 TRP Comparisons with the CPS

	APS 4	CPS	CR	APS 5	CPS	CR	APS 6	CPS	CR
2006	\$58,395	\$53,336	0.91	\$64,717	\$58,952	0.91	\$75,536	\$65,431	0.87
2005	\$56,157	\$51,510	0.92	\$62,021	\$56,977	0.92	\$72,322	\$63,286	0.88

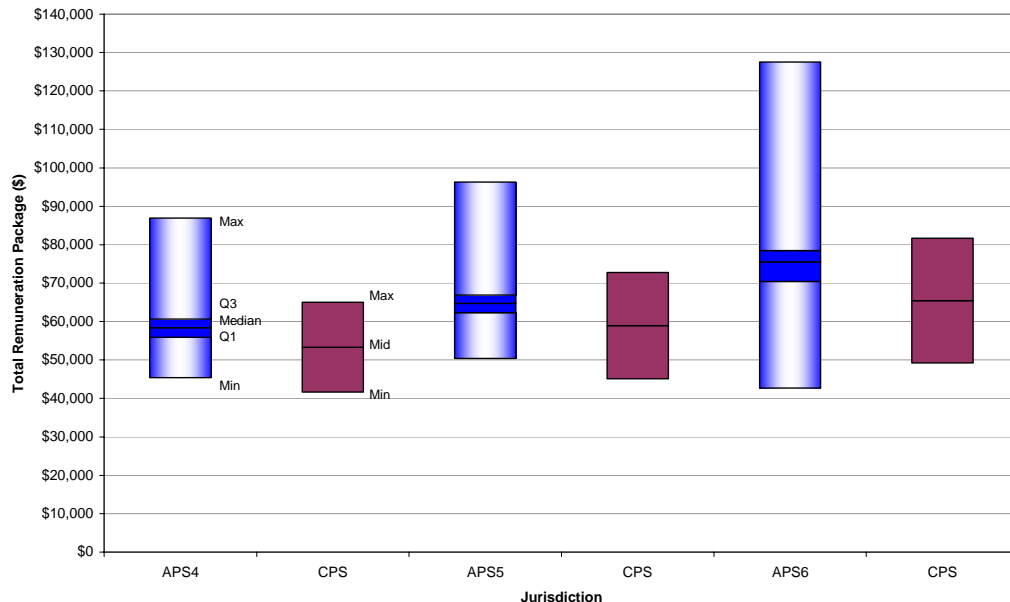
CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.6 – Median APS 4 to APS 6 TRP Movement Comparisons with the CPS

	APS 4	CPS	APS 5	CPS	APS 6	CPS
	m	m	m	m	m	m
2006	4.0%	3.5%	4.3%	3.5%	4.4%	3.4%
2005	3.3%	3.4%	3.9%	3.3%	4.2%	3.3%

m = movement

Chart 2.3 – TRP Comparison in 2006 for APS 4 to APS 6



Tables 2.5 and 2.6 and Chart 2.3 show that:

- APS 4 to APS 6 TRP medians are positioned 9%, 9% and 13% above the CPS midpoints respectively. Competitive positioning has improved by approximately 1% since 2005
- APS 4 to APS 6 employees whose TRP is above Q1, are very competitively positioned in the upper half of the CPS range
- annual movements in the APS were higher (0.5%, 0.8% and 1.0% respectively) than movements across the CPS
- it is unlikely that any agencies would be experiencing attraction/retention difficulties from other State/Territory public services for APS 4 to APS 6 employees due to remuneration factors.

Total Remuneration Package (TRP) Analysis – EL 1 and EL 2

Table 2.7 – Median EL 1 and EL 2 TRP Comparisons with the CPS

	EL 1	CPS	CR	EL 2	CPS	CR
2006	\$93,784	\$71,911	0.77	\$117,832	\$81,506	0.69
2005	\$89,828	\$69,594	0.77	\$113,820	\$78,935	0.69

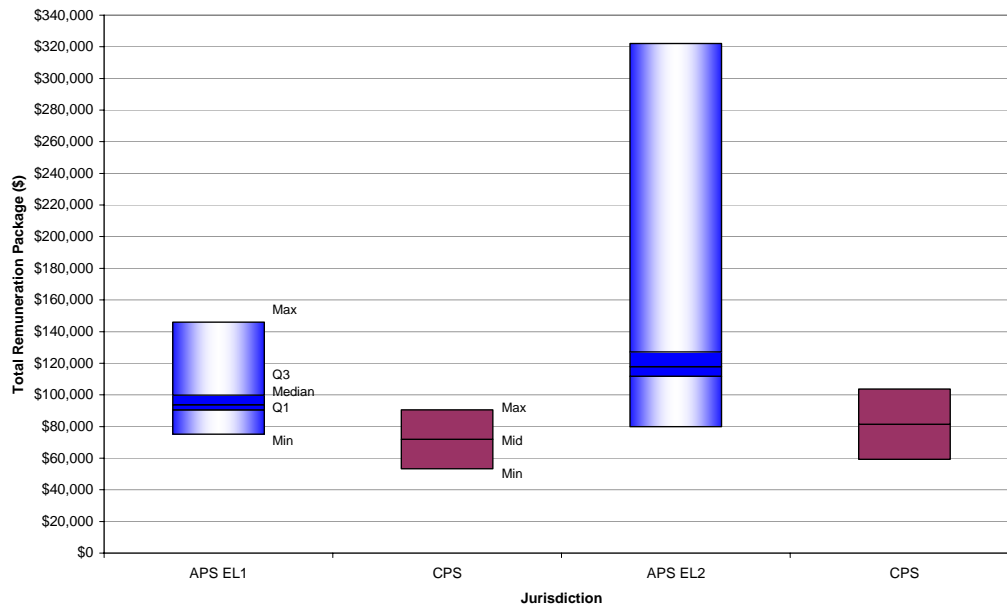
CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.8 – Median EL 1 and EL 2 TRP Movement Comparisons with the CPS

	EL 1	CPS	EL 2	CPS
	m	m	m	m
2006	4.4%	3.3%	3.5%	3.3%
2005	3.7%	3.2%	4.3%	3.1%

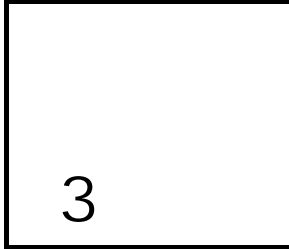
m = movement

Chart 2.4 – TRP Comparison in 2006 for EL 1 and EL 2



Tables 2.7 and 2.8 and Chart 2.4 show that:

- EL 1 and EL 2 TRP medians are positioned 23% and 31% above the corresponding CPS midpoints respectively, which is unchanged from 2005
- all EL 1 and EL 2 employees are very competitively positioned against the CPS. All EL 1 and EL 2 employees above Q1 exceed the maximum TRP of the corresponding CPS classifications
- annual EL 1 and EL 2 median movements are 1.1% and 0.2% above the midpoint movements of the corresponding CPS equivalent positions respectively
- similar to all non-SES classifications, any attraction/retention difficulties from other State/Territory public services for EL 1 and EL 2 classifications are unlikely to be due to remuneration factors.



Relative Position of SES and Non-SES Classifications with the Private Sector

This section compares SES and non-SES TRP against the private sector's general market. The general market is a national database, and represents Mercer's broadest and most comprehensive database covering a diverse range of organisations across all industries and job families (excluding public services).

SES Base Salary has not been compared because a high proportion of organisations in the private sector manage senior executive remuneration on a TRP basis. Similarly, as bonuses are not a significant feature for non-SES remuneration, Mercer has not undertaken a comparative analysis on the basis of TR.

Remuneration data has been drawn from the private sector's various quartiles (i.e. Q1, the median and Q3) utilising work value and the general market trendline. This enables a direct comparison against the APS' TRP. Results from 2005 have been included in many of the tables for comparative purposes, enabling the assessment of year on year movements and changes in competitive positioning.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1 to SES 3

Table 3.1- Median SES TRP Comparisons with the Private Sector

	APS Median		Private Sector		
	SES 1	Q1	CR	Median	CR
2006	\$177,857	\$162,055	0.91	\$192,385	1.08
2005	\$170,416	\$155,342	0.91	\$184,419	1.08
	SES 2	Q1	CR	Median	CR
2006	\$220,691	\$230,346	1.04	\$281,341	1.27
2005	\$210,861	\$220,993	1.05	\$269,919	1.28
	SES 3	Q1	CR	Median	CR
2006	\$276,446	\$348,512	1.26	\$431,147	1.56
2005	\$260,983	\$334,077	1.28	\$413,288	1.58

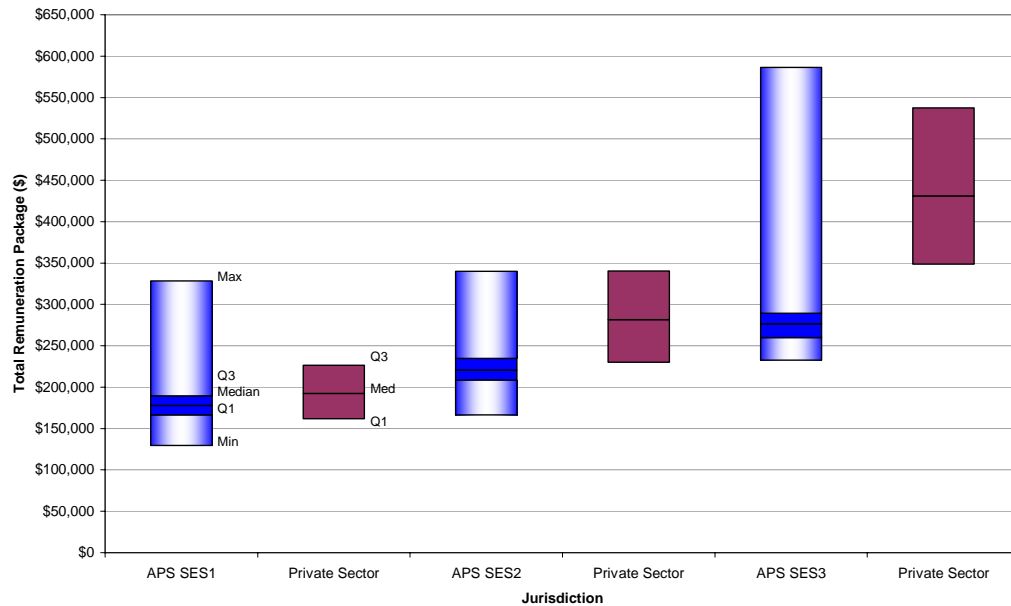
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.2 – Median SES TRP Movement Comparisons with the Private Sector

	SES 1	Private Sector		SES 2	Private Sector		SES 3	Private Sector	
	Median	Q1	Median	Median	Q1	Median	Median	Q1	Median
	m	m	m	m	m	m	m	m	m
2006	4.4%	4.3%	4.3%	4.7%	4.2%	4.2%	5.9%	4.3%	4.3%
2005	3.3%	4.2%	4.2%	3.7%	4.3%	4.3%	4.1%	4.5%	4.5%

m = movement

Chart 3.1 – TRP Comparison in 2006 for SES 1 to SES 3



Tables 3.1 and 3.2 and Chart 3.1 show that:

- SES 1 employees above Q1 are competitively positioned against the private sector, at levels between the lower quartile and median of this market. SES 1 TRP movements at 4.4% were slightly higher than private sector movements of 4.3% at Q1 and the median
- the SES 2 TRP median is 4% below Q1 of the private sector and 27% below the median, which is a 1% improvement in competitiveness from 2005. SES 2 TRP movements in 2006 were 0.5% higher than private sector TRP movements for the same period. Only SES 2 employees above Q3 could be described as ‘market competitive’
- the SES 3 TRP median is 26% below the private sector Q1 and 56% below the median. This is a 2% improvement in competitiveness from 2005. This improvement is a reflection of the higher movements seen in the APS (5.9% movements compared to 4.3% movements in the private sector)
- nearly all SES 3 and most SES 2 positions are located in Canberra which has a limited private sector labour market. Mobility issues, as well as the lack of APS remuneration competitiveness, may make it difficult to attract interest in APS employment from SES-equivalent private sector positions.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1 to APS 3

Table 3.3 – Median APS 1 to APS 3 TRP Comparisons with the Private Sector

	APS Median		Private Sector			
	APS 1	Q1	CR	Median	CR	
2006	\$40,570	\$27,155	0.67	\$29,353	0.72	
2005	\$37,930	\$26,477	0.70	\$28,621	0.75	
	APS 2	Q1	CR	Median	CR	
2006	\$46,141	\$39,909	0.86	\$43,804	0.95	
2005	\$44,604	\$38,502	0.86	\$42,259	0.95	
	APS 3	Q1	CR	Median	CR	
2006	\$52,356	\$49,649	0.95	\$54,848	1.05	
2005	\$50,472	\$47,726	0.95	\$52,722	1.04	

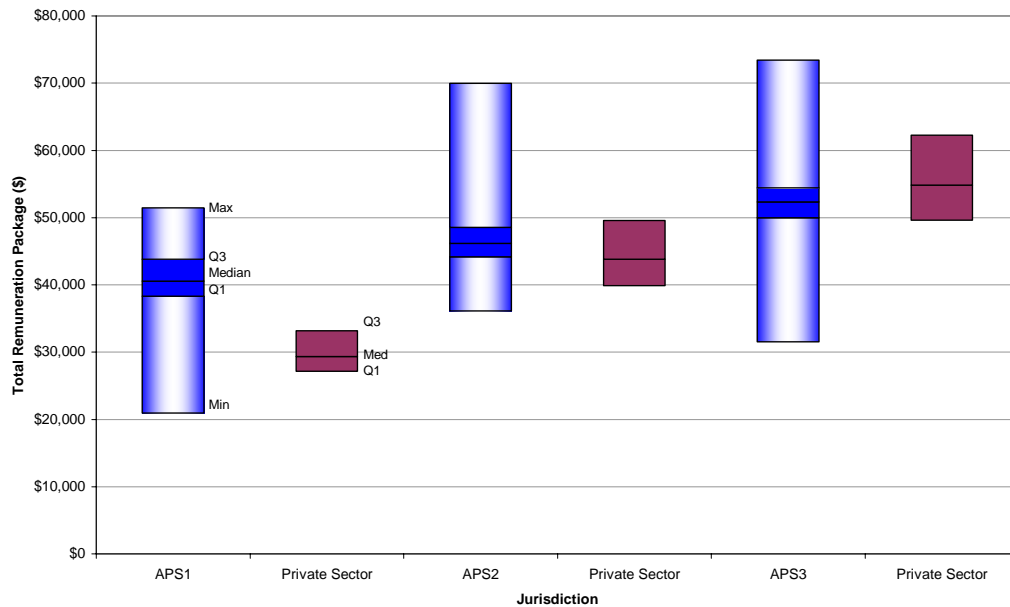
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.4 – Median APS 1 to APS 3 TRP Movement Comparisons with the Private Sector

	APS 1	Private Sector		APS 2	Private Sector		APS 3	Private Sector	
	Median	Q1	Median	Median	Q1	Median	Median	Q1	Median
	m	m	m	m	m	m	m	m	m
2006	7.0%	2.6%	2.6%	3.4%	3.7%	3.7%	3.7%	4.0%	4.0%
2005	2.3%	3.5%	3.6%	3.6%	3.4%	3.4%	4.1%	3.4%	3.4%

m = movement

Chart 3.2 – TRP Comparison in 2006 for APS 1 to APS 3



Tables 3.3 and 3.4 and Chart 3.2 show that:

- APS 1 TRP is very competitively positioned against the private sector. Median remuneration is 33% above the private sector Q1 and 28% above the median. This competitiveness is associated with high Base Salary levels and high employer superannuation contributions. Competitiveness has improved since 2005 due to higher APS movements than market movements at these classifications
- APS 2 TRP is well aligned with the upper quartiles of remuneration in the private sector. Median TRP is 5% above median remuneration in the general market. Competitiveness has been maintained at the APS 2 level since 2005
- the APS 3 TRP median is 5% above Q1 of the private sector and 5% below the private sector median, a similar level of competitiveness to that in 2005. TRP movements were slightly lower than general market movements (3.7% compared to 4.0% respectively)
- all three classifications remain competitively positioned against equivalent positions in the private sector
- it is unlikely that any attraction/retention issues for agencies competing for employees with the private sector would be associated with remuneration factors.

Total Remuneration Package (TRP) Analysis – APS 4 to APS 6

Table 3.5 – Median APS 4 - APS 6 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	APS 4	Q1	CR	Median	CR
2006	\$58,395	\$59,388	1.02	\$65,893	1.13
2005	\$56,157	\$56,949	1.01	\$63,186	1.13
	APS 5	Q1	CR	Median	CR
2006	\$64,717	\$69,666	1.08	\$78,116	1.21
2005	\$62,021	\$66,675	1.08	\$74,761	1.21
	APS 6	Q1	CR	Median	CR
2006	\$75,536	\$84,540	1.12	\$95,817	1.27
2005	\$72,322	\$80,817	1.12	\$91,597	1.27

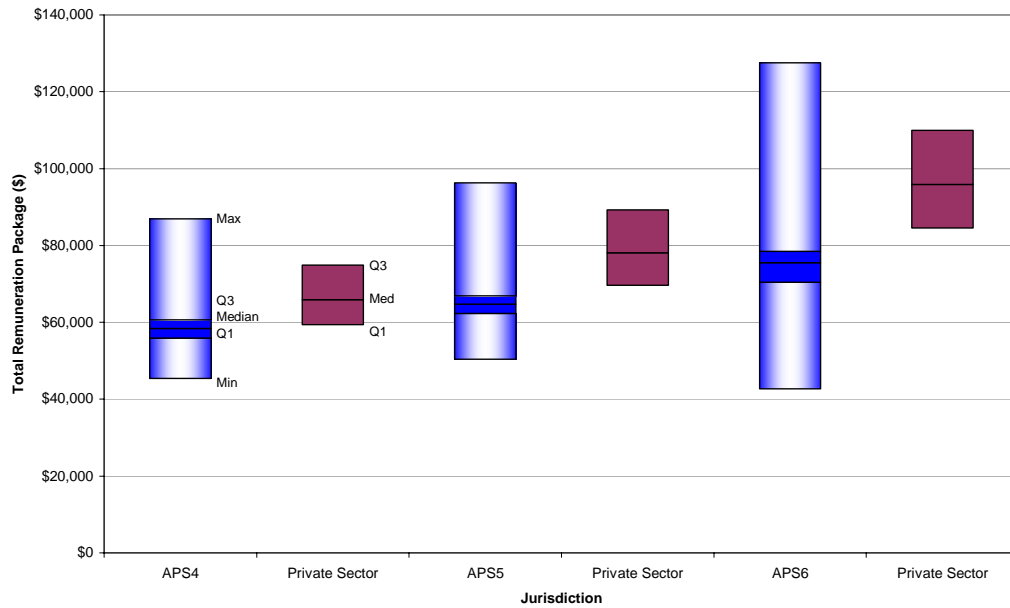
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.6 – Median APS 4 to APS 6 TRP Movement Comparisons with the Private Sector

	APS	Private Sector		APS	Private Sector		APS	Private Sector	
	APS 4	Q1	Median	APS 5	Q1	Median	APS 6	Q1	Median
	m	m	m	m	m	m	m	m	m
2006	4.0%	4.3%	4.3%	4.3%	4.5%	4.5%	4.4%	4.6%	4.6%
2005	3.3%	3.4%	3.4%	3.9%	3.6%	3.6%	4.2%	3.8%	3.8%

m = movement

Chart 3.3 – TRP Comparison in 2006 for APS 4 to APS 6



Tables 3.5 and 3.6 and Chart 3.3 show that:

- the APS 4 TRP median is 13% below the median of the private sector, the APS 5 median is 21% below the private sector median and the APS 6 median is 27% below the private sector median, identical differentials to those observed in 2005
- for these three classifications, only employees above Q3 could be described as being competitively positioned against the private sector
- 2006 movements at the APS 4 to APS 6 classification levels were slightly lower (0.2% to 0.3%) than general market movements
- to attract talented employees from the private sector at these classifications, APS agencies may need to offer significantly higher salaries, which could cause relativity problems with current employees.

Total Remuneration Package (TRP) Analysis – EL 1 and EL 2

Table 3.7 – Median EL 1 and EL 2 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	EL 1	Q1	CR	Median	CR
2006	\$93,784	\$101,685	1.08	\$116,245	1.24
2005	\$89,828	\$97,270	1.08	\$111,199	1.24
	EL 2	Q1	CR	Median	CR
2006	\$117,832	\$123,550	1.05	\$143,032	1.21
2005	\$113,820	\$118,277	1.04	\$136,930	1.20

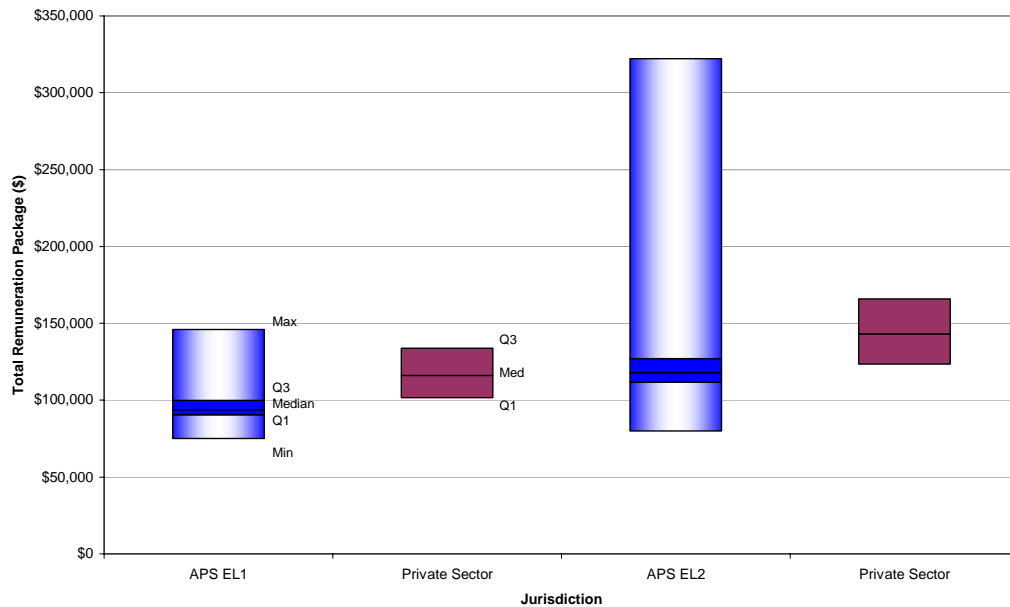
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.8 – Median EL 1 and EL 2 TRP Movement Comparisons with the Private Sector

	APS	Private Sector		APS	Private Sector	
	EL 1	Q1	Median	EL 2	Q1	Median
	m	m	m	m	m	m
2006	4.4%	4.5%	4.5%	3.5%	4.5%	4.5%
2005	3.7%	3.9%	3.9%	4.3%	4.0%	4.0%

m = movement

Chart 3.4 – TRP Comparison in 2006 for EL 1 and EL 2



Tables 3.7 and 3.8 and Chart 3.4 show that:

- the EL 1 TRP median is 24% below the median of the private sector (as was the case in 2005). EL 1 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range. However, the 75% of EL 1 employees below Q3 have a TRP below the private sector Q1
- the EL 2 TRP median is 21% below the median of the private sector (compared to 20% below the median in 2005). As is the case for EL 1 employees, only EL 2 employees above Q3 are competitively positioned against the private sector
- at EL 1 and EL 2 classifications, the level of reward competitiveness against the private sector has stayed relatively stable over the past few years.

Base Salary Analysis – Graduate

Table 3.9 – Private Sector Graduate Base Salary in 2005 and 2006 compared to the APS

	Q1		Median		Q3		Average	
	2005	2006	2005	2006	2005	2006	2005	2006
APS Graduate Salaries	\$39,678	\$42,000	\$41,000	\$43,412	\$42,700	\$45,322	\$41,707	\$43,810
Accounting	\$39,300	\$44,000	\$42,400	\$45,700	\$46,000	\$51,000	\$42,728	\$46,262
Economics	\$41,569	\$42,000	\$43,000	\$45,000	\$44,500	\$49,809	\$43,071	\$45,675
Computer Science	\$41,000	\$43,000	\$43,000	\$45,000	\$46,000	\$48,617	\$43,095	\$45,323
Engineering	\$40,250	\$45,000	\$43,669	\$48,000	\$47,375	\$52,110	\$44,839	\$47,794
HR/Industrial Relations	\$41,000	\$42,000	\$43,005	\$45,000	\$46,100	\$46,809	\$43,887	\$44,793
Marketing	\$39,650	\$40,750	\$43,000	\$45,000	\$44,500	\$49,213	\$43,729	\$45,227
Science	\$40,000	\$45,000	\$43,337	\$48,000	\$47,000	\$51,055	\$43,271	\$47,339
Business/Commerce	\$40,000	\$41,500	\$43,419	\$45,000	\$45,000	\$48,809	\$43,394	\$45,066
Social Sciences/Art	\$39,642	\$41,000	\$42,453	\$45,000	\$43,459	\$48,617	\$41,374	\$44,923

Table 3.9 shows that:

- depending on the job family, in 2006 median graduate salaries in the private sector ranged from \$45,000 to \$48,000, compared with the 2006 median Base Salary of \$43,412
- Engineering, Science and Accounting graduates started at higher salaries than graduates from other disciplines
- the APS average graduate Base Salary of \$43,810 is 4.6% below the average across all job families in the private sector of \$45,823
- the APS average graduate Base Salary is also below the average of each job family group.

4

Summary of Key Findings

Combined Public Service (CPS) Comparisons

SES 1 to SES 3

- from a TRP perspective, all SES employees are competitively positioned when compared to the CPS
- the overall competitive positioning has improved by between 1% and 3% since 2005
- across all SES bands the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classification
- SES employees below Q1 are remunerated above the minimum of the corresponding CPS equivalent positions.

APS 1 to APS 3

- from a TRP perspective, the majority of APS employees are competitively remunerated when compared to the CPS
- the overall competitive positioning has improved slightly at APS 1 and has been maintained at the APS 2 and APS 3 classifications since 2005
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS equivalent positions
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications.

APS 4 to APS 6

- from a TRP perspective, APS employees in these classifications are competitively remunerated when compared to the CPS
- the overall competitive positioning has improved by approximately 1% at the APS 4, APS 5 and APS 6 classifications since 2005
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS equivalent classification
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications.

EL 1 and EL 2

- from a TRP perspective, all APS EL employees are very competitively remunerated when compared to the CPS
- competitive positioning has been maintained at the EL levels since 2005
- the 75% of EL employees above Q1 are remunerated above the maximum remuneration of corresponding CPS classifications.

Private Sector Comparisons

SES 1 to SES 3

- SES 1 employees above Q1 are remunerated in line with the lower half of corresponding remuneration in the private sector. SES 1 employees above Q3 are very competitive against the general market
- SES 2 employees above Q3 are comparable to the private sector Q1 to Q3 range
- more than 75% of SES 3 employees have a TRP below the private sector Q1 benchmark
- the overall competitive positioning has been maintained at the SES 1 and has improved slightly at SES 2 and SES 3 since 2005.

APS 1 to APS 3

- APS 1 employees above Q1 are remunerated well above the private sector Q3
- APS 2 employees between Q1 and Q3 are remunerated in line with upper quartile remuneration in the private sector
- APS 3 employees between Q1 and Q3 are remunerated in line with lower quartile remuneration in the private sector
- the overall competitive positioning improved at APS 1 and has been maintained at APS 2 and APS 3 classifications since 2005.

APS 4 to APS 6

- From a TRP perspective, APS 4 to APS 6 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range
- APS 4 to APS 6 employees with a TRP below Q3 are positioned at or below Q1 of the private sector
- the overall competitive positioning is unchanged since 2005.

EL 1 and EL 2

- EL 1 and EL 2 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range (and also above Q3)
- EL 1 and EL 2 employees with a TRP below Q3 are positioned at or below Q1 of the private sector
- the overall competitive positioning of APS TRP remuneration has been maintained at the EL 1 level and has decreased for EL 2 by approximately 1% since 2005
- EL competitiveness against the private sector decreases from a TRP perspective due to benefits such as motor vehicles being increasingly prevalent in the private sector for equivalent positions.

Graduates

- median graduate salaries in the private sector ranged from \$45,000 to \$48,000 (excluding MBA graduates) compared to the APS graduate median Base Salary of \$43,412
- Engineering, Science and Accounting graduates in the private sector started at higher salaries than graduates from other disciplines
- the APS average graduate Base Salary of \$43,810 is 4.6% below the average across all job families in the private sector of \$45,823.

Provision of Benefits and Bonuses – Private Sector

SES 1 to SES 3

- SES median motor vehicle values (\$21,344 to \$23,000 depending on SES band) are competitive against private sector vehicle values, (although it should be noted that an increasing number of Mercer's private sector clients do not separately itemise the vehicle cost, as more companies manage remuneration on a TRP basis, and use novated leases for vehicles) .
- SES median superannuation values (\$23,105 to \$50,903 depending on SES band) are extremely competitive in comparison to the private sector (\$15,708 to \$18,941), with SES employees receiving up to 2.5 times the contribution of equivalent positions within the private sector generally
- However, SES median actual bonus payments of \$8,050 to \$15,777 , were significantly lower than the private sector medians of \$29,551 to \$58,957. SES 1 to SES 3 median payments are one-third to one-fourth of those found in the private sector.

APS 1 to EL 2

- Non-SES median superannuation values (\$5,237 to \$14,962 depending on classification) are competitively positioned in comparison to the private sector medians (\$3,890 to \$9,736)
- Only 1% of EL 1 and 2-3% of EL2 employees received a vehicle benefit in 2006. This is quite different to the trend in the private sector and is the main reason for a lack of competitiveness from a TRP perspective for the EL 1 and EL 2 classifications against the private sector.



Appendix A

Glossary of Terms

Remuneration Items

Base Salary

Base Salary represents full time equivalent annualised PAYG salary. It includes post-tax employee superannuation contributions and any additional motor vehicle post-tax salary sacrifice amount. It excludes all other cash components including bonuses and allowances.

Total Remuneration Package (TRP)

TRP is defined as Base Salary plus the value of any benefits such as superannuation and motor vehicles, plus FBT on all benefit items. It does not include any bonuses.

Total Reward (TR)

TR is TRP plus bonuses.

Bonuses

At a practical level, the terms “bonus” and “incentive” are often used interchangeably. For the purposes of consistency throughout the 2006 APS Remuneration Survey, performance-based payments have been referred to as “performance bonuses” even though, in the APS, they may relate to the achievement of key performance indicators and hence meet the defining criteria of incentives. Performance-based bonuses in the private sector would more likely be referred to as incentives.

Statistical Terms

First Quartile / Q1

The first quartile or 25th percentile (Q1) is the midpoint of the lower half of the sample. That is, the first quartile is the score where 25% of the cases fall below and where 75% of the cases fall above.

Median

The median is the midpoint of a range of figures. It is calculated by sorting all the values into ascending order then locating the value where 50% of the cases fall below and where 50% of the scores fall above. The midpoint is calculated by summing the minimum and maximum values of a range of figures and dividing this value by two.

Third Quartile / Q3

The third quartile or 75th percentile (Q3) is the midpoint of the upper half of the sample. That is, the third quartile is the score where 75% of the cases fall below and where 25% of the cases fall above.

Average

The average is the arithmetic mean, calculated by summing all values and dividing by the number of values.

Standard Deviation (SD)

SD is used to measure the spread of data from the average. The SD is sensitive to outliers, so where significant outliers are present, this can significantly increase the SD. The greater the spread of data, the higher the SD value.

APS Work Value Ranges

The work values used in this report have been determined using the Mercer job evaluation system. Indicative work value ranges for APS SES and non-SES classifications are presented in Table A.1. The APS SES and non-SES work value ranges are indicative only and are not based on a whole of APS calibration.

Table A.1 – SES and Non-SES Indicative Work Value Points Ranges¹

Band/Level	Minimum	Midpoint	Maximum
APS 1	-	50	99
APS 2	100	130	159
APS 3	160	190	219
APS 4	220	250	279
APS 5	280	315	349
APS 6	350	390	429
EL 1	430	465	500
EL 2	501	576	650
SES 1	685	817	949
SES 2	950	1225	1499
SES 3	1500	1840	2179

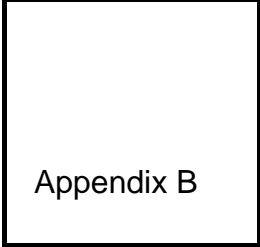
¹Work value ranges are indicative, based on the findings of a range of studies with individual agencies

The Mercer job evaluation system has been widely adopted to underpin classification and remuneration management systems in all public services across Australia. Organisations are attracted to job evaluation systems for many reasons, often related to a desire to establish more robust, transparent or systematic processes.

The high level of acceptance of this specific methodology in a public service context may have a number of explanations, but three are relevant for the purposes of this current survey:

- the universal nature of work value factors examined, supporting applicability to all job types
- the fact that the methodology was initially developed with the needs of both private and public sector organisations in mind, and has evolved within the changing public service context
- the incorporation of specific public service descriptors, definitions and standards which address work which is peculiar to the public service (e.g. policy roles, machinery of government requirements, statutory accountability).

It is the existence of work value benchmarks across the various services which enables the reasonable comparison of remuneration across jurisdictions for the purposes of this broader market analysis.



Appendix B

Relative Position of APS SES and Non-SES Classifications with Individual Public Service Jurisdictions

This section compares APS SES and non-SES TRP against individual public service jurisdictions. Table data compares the APS median to the individual public service jurisdiction's midpoint. 2005 results have been included for comparative purposes. In addition to the comparative (CR) analysis, Mercer has also ranked (r) the positioning of the APS against the individual public service jurisdictions. Please note that comparisons are expressed on the basis of the APS being 1.00.

APS SES Base Salary and TRP have not been compared because most jurisdictions manage SES remuneration on a TRP basis. Similarly, as bonuses are not a significant feature of reward for non-SES classifications or corresponding non-SES equivalent positions in individual public services, Mercer has undertaken the comparative analysis on the basis of TRP.

The data used in the individual public service jurisdiction analysis is based on work value and a regression analysis of the reported ranges for each jurisdiction. In essence, the individual public service jurisdiction analysis utilises each jurisdiction's reported remuneration range. Mercer has adjusted the reported motor vehicle values of each jurisdiction to ensure the true TRP values of some jurisdictions are appropriately aligned to the APS TRP values.

Tasmanian Public Service remuneration data has not been included in the current report and previous surveys, because they do not use a work value methodology to underpin the classification of non-SES equivalent positions. Relativities to APS classification and remuneration structures are therefore not able to be determined with sufficient precision.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1

Table B.1 – Median SES 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	3	1.00	2	1.02	1	0.97	4	0.73	8	0.95	5	0.83	7	0.85	6
2005	1.00	2	1.00	3	1.02	1	0.99	4	0.71	8	0.96	5	0.87	7	0.91	6

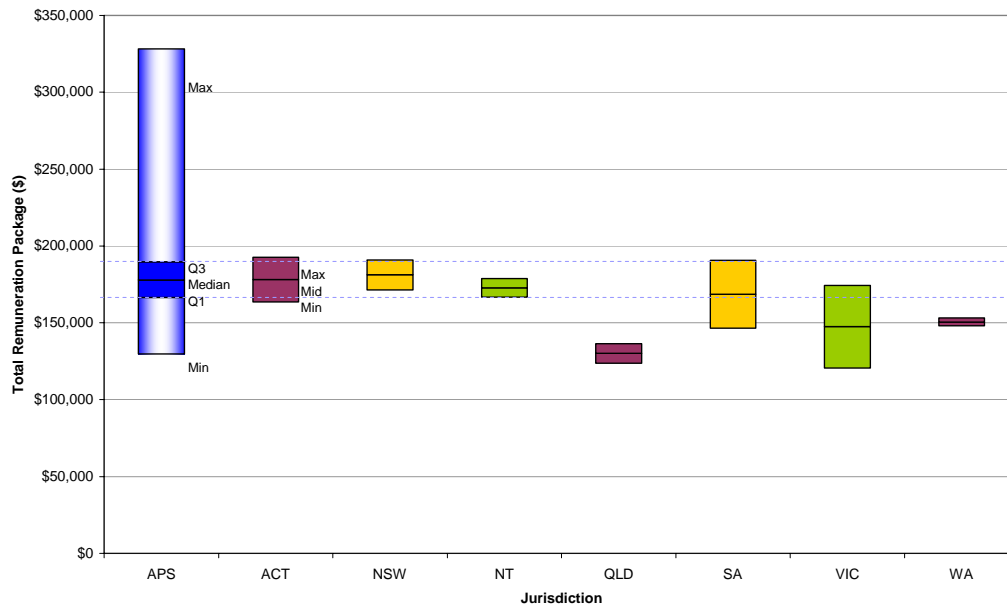
r = ranking cr = comparatio. *Comparatios reflect APS set at 1.00. Comparatio data for WA uses CEO data only

Table B.2 – Median SES 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	4.4%	3	4.7%	2	3.8%	4	2.7%	6	6.9%	1	3.3%	5	0.0%	8	2.1%	7
2005	3.3%	5	7.4%	1	4.2%	3	3.1%	6	2.7%	8	3.8%	4	6.1%	2	3.1%	7

r = ranking m = movement. *Movement data for WA uses SES data only

Chart B.1 – TRP Comparison in 2006 – SES 1



Tables B.1 and B.2 and Chart B.1 show that:

- SES 1 employees above Q3 are competitively positioned against all individual public service jurisdictions
- SES 1 employees between Q1 and Q3 are competitively positioned against ACT, NSW, NT and SA, with the SES 1 TRP median ranked third behind NSW (2% difference) and ACT (limited differential)
- annual SES 1 TRP median movements of 4.4% ranked third across all individual public service jurisdictions, and was 2.5% behind the highest movements recorded in Queensland.

Total Remuneration Package (TRP) Analysis – SES 2

Table B.3 – Median SES 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	2	1.05	1	1.00	3	0.91	5	0.76	8	0.97	4	0.76	7	0.89	6
2005	1.00	3	1.05	1	1.00	2	0.93	5	0.77	8	0.98	4	0.80	7	0.88	6

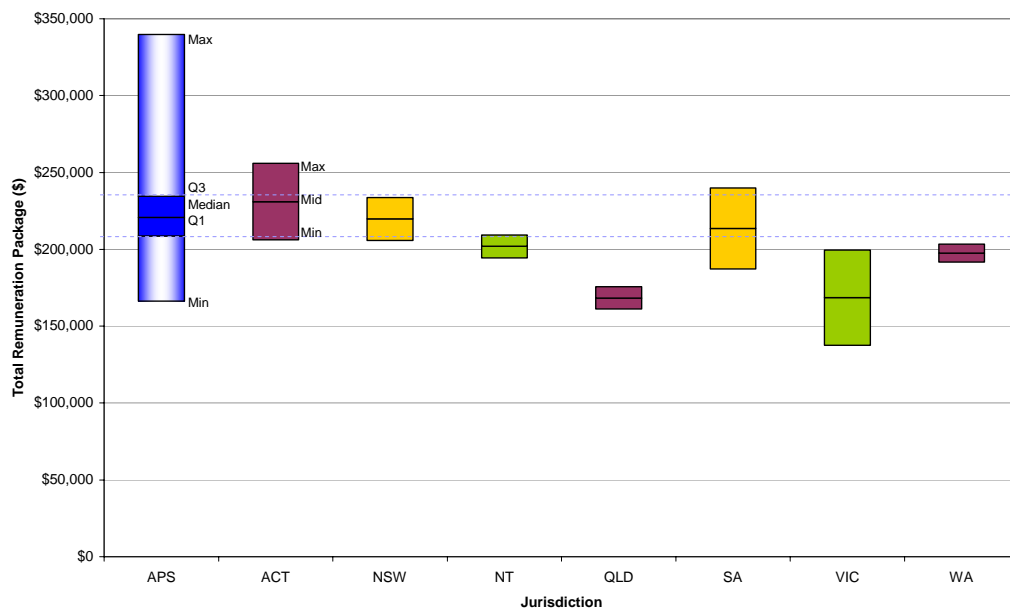
r = ranking cr = comparatio. *Comparatios reflect APS set at 1.00. Comparatio data for WA uses CEO data only

Table B.4 – Median SES 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	4.7%	2	4.3%	3	3.8%	5	2.8%	7	3.8%	4	3.4%	6	0.0%	8	6.1%	1
2005	3.7%	6	7.0%	1	4.2%	3	3.1%	8	3.2%	7	3.7%	5	6.1%	2	3.8%	4

r = ranking m = movement. *Movement data for WA uses CEO data only

Chart B.2 – TRP Comparison in 2006 – SES 2



Tables B.3 and B.4 and Chart B.2 show that:

- SES 2 employees above Q3 are competitively positioned against all individual public service jurisdictions
- SES 2 employees between Q1 and Q3 are competitively positioned against ACT, NSW, NT and SA, with the SES 2 TRP median ranked second behind the ACT (5% difference)
- annual SES 2 TRP median movements of 4.7% ranked second across all individual public service jurisdictions and was 1.4% behind the highest movement in WA.

Total Remuneration Package (TRP) Analysis – SES 3

Table B.5 – Median SES 3 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	4	1.12	1	1.01	3	0.89	6	0.82	7	1.02	2	0.72	8	0.97	5
2005	1.00	4	1.15	1	1.03	3	0.92	5	0.85	7	1.04	2	0.77	8	0.89	6

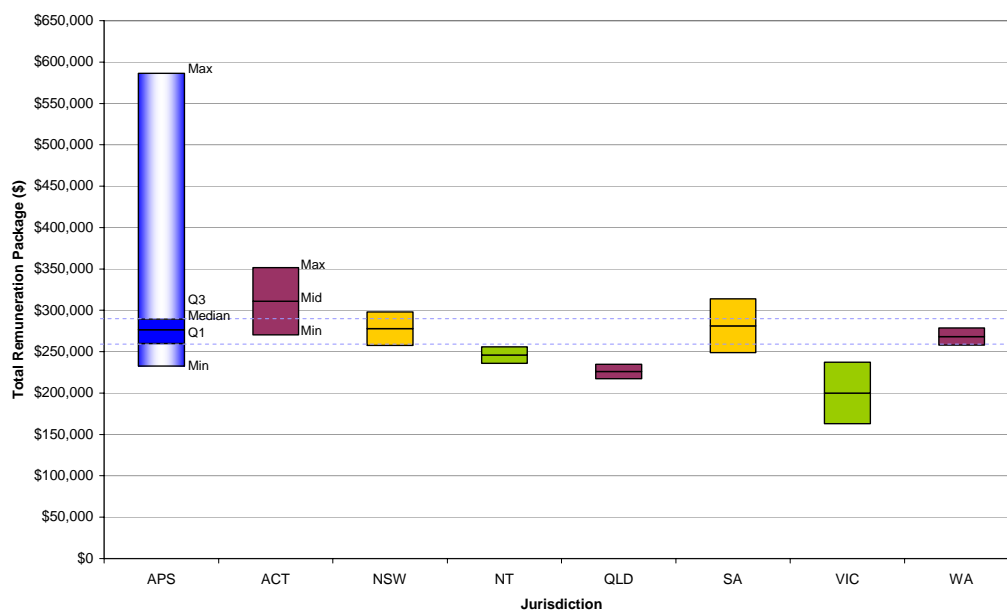
r = ranking cr = comparatio. *Comparatios reflect APS set at 1.00. Comparatio data for WA uses CEO data only

Table B.6 – Median SES 3 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	5.9%	2	3.9%	3	3.9%	4	2.8%	6	1.4%	7	3.4%	5	0.0%	8	15.2%	1
2005	4.1%	5	6.6%	1	4.2%	4	3.1%	8	3.6%	7	3.7%	6	6.1%	2	4.5%	3

r = ranking m = movement. *Movement data for WA uses CEO data only

Chart B.3 – TRP Comparison in 2006 – SES 3



Tables B.5 and B.6 and Chart B.3 show that:

- SES 3 employees above Q3 receive comparable remuneration to that in the ACT. Remuneration between Q1 and Q3 is well positioned against NSW and SA and is competitively positioned against all other jurisdictions
- the SES 3 TRP median ranked fourth behind ACT, SA and NSW
- the SES 3 TRP median movement of 5.9% ranked second across all individual public service jurisdictions and was 9.3% behind the highest movement (WA).

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1

Table B.7 – Median APS 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	2	0.75	8	1.01	1	0.94	3	0.80	6	0.88	4	0.79	7	0.80	5
2005	1.00	2	0.77	8	1.04	1	0.97	3	0.81	7	0.91	4	0.82	6	0.83	5

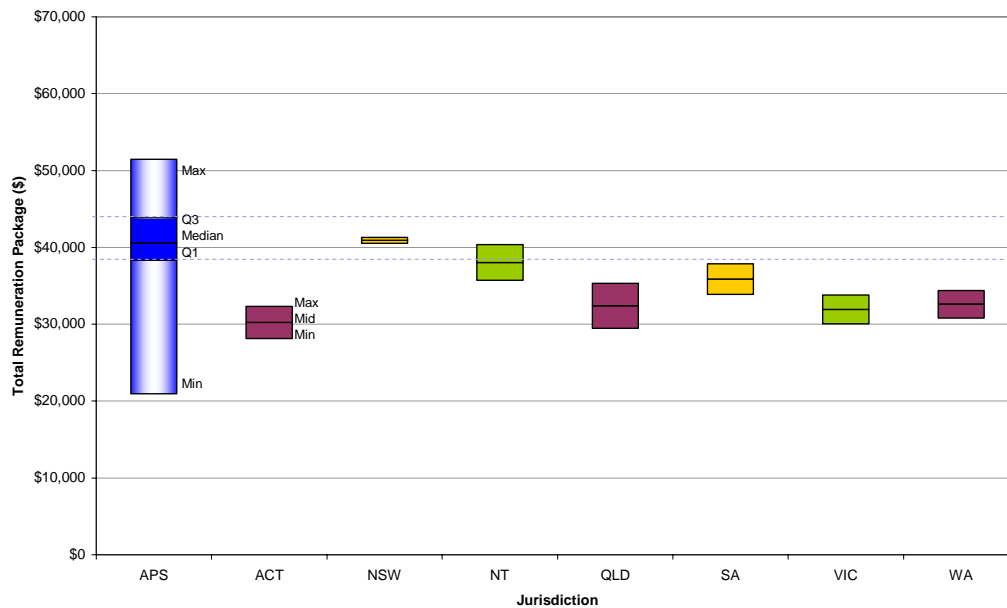
r = ranking cr = comparatio

Table B.8 – Median APS 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	7.0%	1	4.0%	4	4.0%	3	3.1%	7	5.0%	2	3.5%	6	3.0%	8	3.7%	5
2005	2.3%	8	4.0%	3	4.0%	4	3.2%	6	4.5%	2	5.0%	1	3.0%	7	3.2%	5

r = ranking m = movement

Chart B.4 – TRP Comparison in 2006 – APS 1



Tables B.7 and B.8 and Chart B.4 show that:

- the vast majority of APS 1 employees are competitively positioned against all individual public service jurisdictions, with the APS 1 TRP median positioned second behind NSW (by 1%)
- an annual movement of 7% at the median in the APS is the highest of all jurisdictions.

Total Remuneration Package (TRP) Analysis – APS 2

Table B.9 – Median APS 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	2	0.89	6	1.09	1	0.99	3	0.90	5	0.96	4	0.88	7	0.80	8
2005	1.00	2	0.88	7	1.08	1	0.99	3	0.89	5	0.96	4	0.88	6	0.80	8

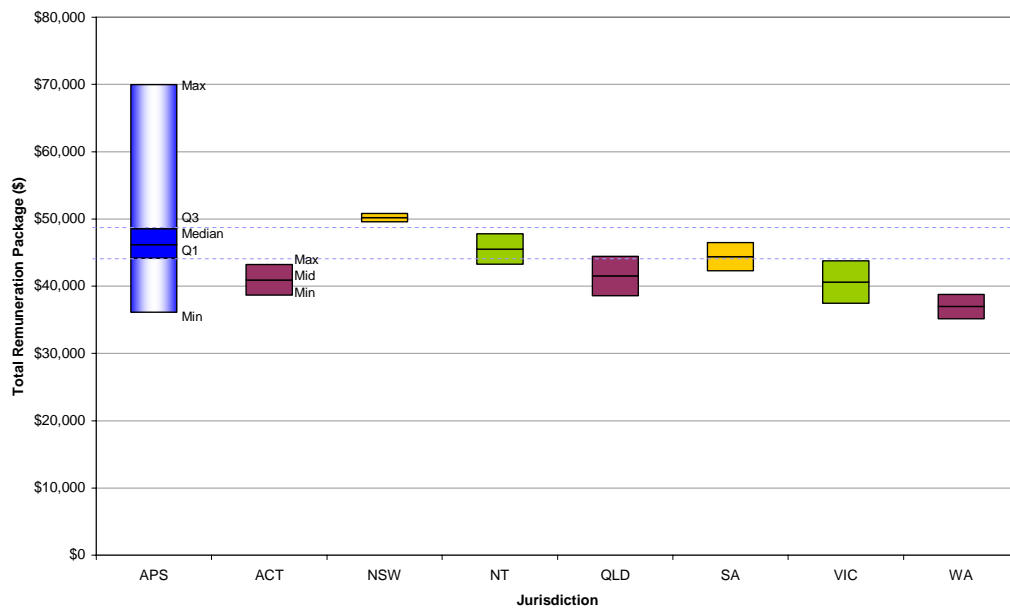
r = ranking cr = comparatio

Table B.10 – Median APS 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	M	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	3.4%	5	4.0%	3	4.0%	2	3.1%	7	4.6%	1	3.5%	4	3.0%	8	3.2%	6
2005	3.6%	5	4.0%	3	4.0%	4	3.1%	6	4.2%	2	4.5%	1	3.0%	7	2.8%	8

r = ranking m = movement

Chart B.5 – TRP Comparison in 2006 – APS 2



Tables B.9 and B.10 and Chart B.5 show that:

- APS 2 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW. The APS 2 TRP median is ranked second behind NSW (by 9%). APS 2 employees below Q1 are well positioned against ACT, QLD, VIC and WA
- the annual movement of 3.4% ranked fifth across all individual public service jurisdictions.

Total Remuneration Package (TRP) Analysis – APS 3

Table B.11 – Median APS 3 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	2	0.94	5	1.09	1	0.98	3	0.92	6	0.97	4	0.90	7	0.77	8
2005	1.00	2	0.93	5	1.09	1	0.98	3	0.92	6	0.97	4	0.91	7	0.78	8

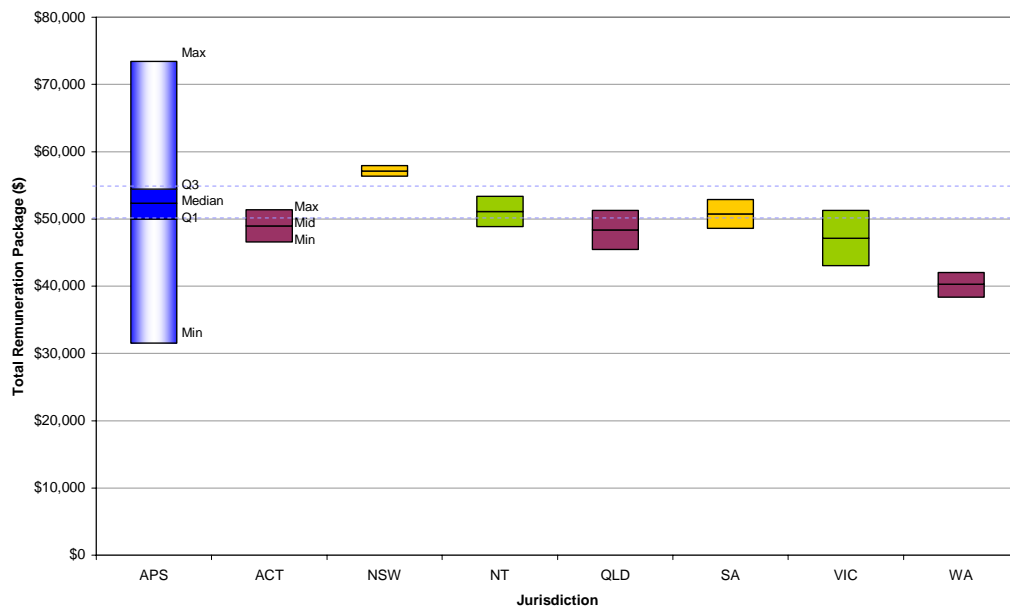
r = ranking cr = comparatio

Table B.12 – Median APS 3 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	M	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	3.7%	4	4.0%	3	4.0%	2	3.0%	6	4.4%	1	3.5%	5	3.0%	7	2.9%	8
2005	4.1%	2	4.0%	4	4.0%	5	3.1%	6	4.1%	3	4.3%	1	3.0%	7	2.6%	8

r = ranking m = movement

Chart B.6 – TRP Comparison in 2006 – APS 3



Tables B.11 and B.12 and Chart B.6 show that:

- APS 3 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW. The APS 3 TRP median is ranked second, 9% behind NSW
- the annual movement of 3.7% ranked fourth across all individual public service jurisdictions.

Total Remuneration Package (TRP) Analysis – APS 4

Table B.13 – Median APS 4 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	2	0.98	4	1.10	1	0.97	5	0.95	6	0.98	3	0.92	7	0.75	8
2005	1.00	2	0.98	5	1.10	1	0.98	4	0.94	6	0.98	3	0.93	7	0.76	8

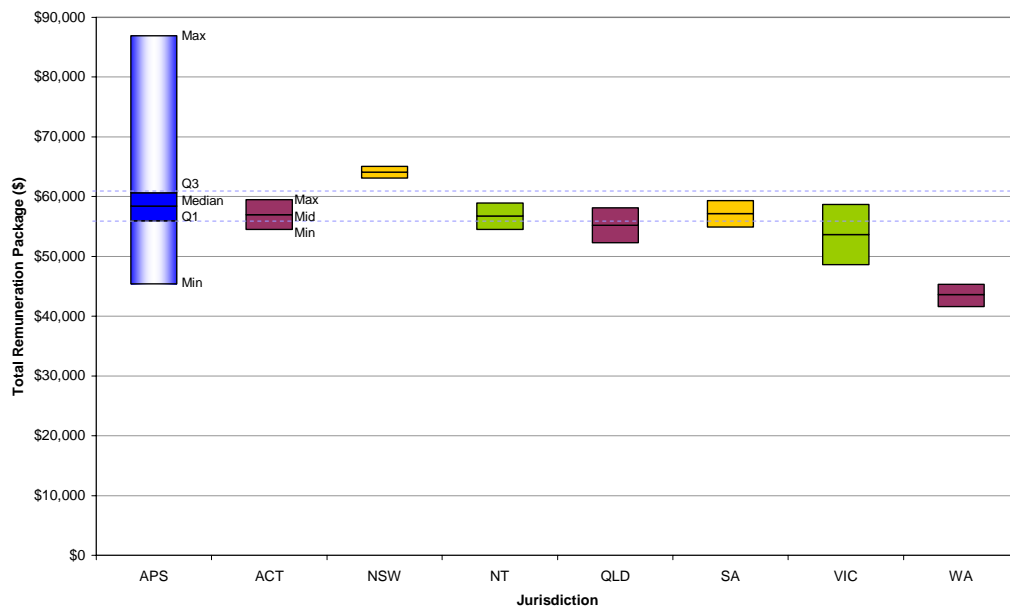
r = ranking cr = comparatio

Table B.14 – Median APS 4 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	M	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	4.0%	4	4.0%	3	4.0%	2	3.0%	6	4.3%	1	3.5%	5	3.0%	7	2.7%	8
2005	3.3%	5	4.0%	3	4.0%	4	3.0%	6	4.0%	2	4.1%	1	3.0%	7	2.4%	8

r = ranking m = movement

Chart B.7 – TRP Comparison in 2006 – APS 4



Tables B.13 and B.14 and Chart B.7 show that:

- APS 4 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW. The APS 4 TRP median is ranked second, 10% behind NSW
- the annual movement of 4.0% ranked fourth across all individual public service jurisdictions.

Total Remuneration Package (TRP) Analysis – APS 5

Table B.15 – Median APS 5 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	3	1.02	2	1.11	1	0.97	5	0.97	6	0.99	4	0.94	7	0.73	8
2005	1.00	3	1.02	2	1.11	1	0.98	5	0.97	6	1.00	4	0.95	7	0.74	8

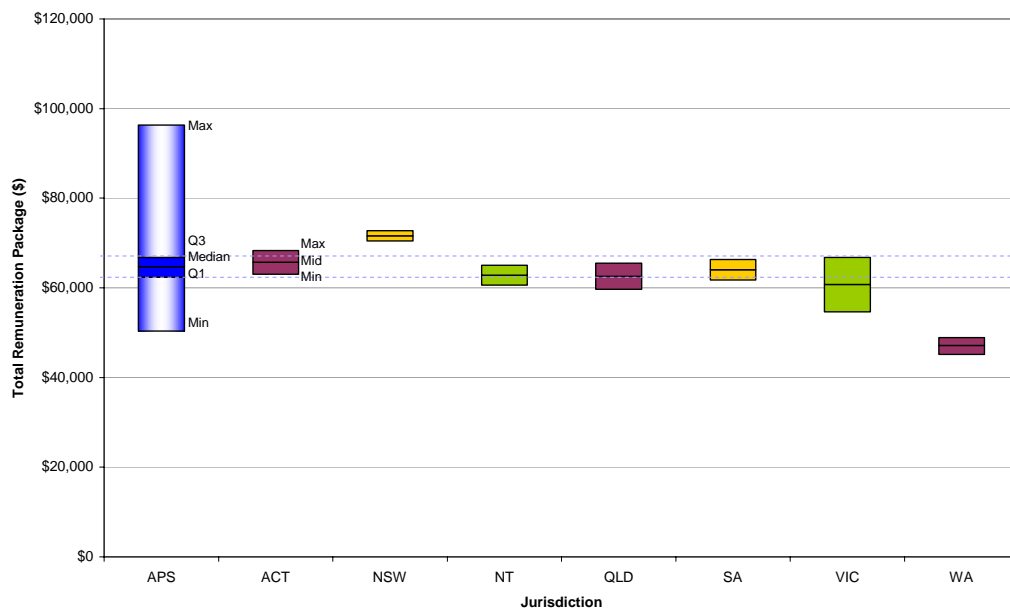
r = ranking cr = comparatio

Table B.16 – Median APS 5 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	M	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	4.3%	1	4.0%	4	4.0%	3	3.0%	7	4.2%	2	3.5%	5	3.0%	6	2.5%	8
2005	3.9%	5	4.0%	1	4.0%	2	3.0%	6	3.9%	4	4.0%	3	3.0%	7	2.2%	8

r = ranking m = movement

Chart B.8 – TRP Comparison in 2006 – APS 5



Tables B.15 and B.16 and Chart B.8 show that:

- APS 5 employees between Q1 and Q3 are well positioned against all individual public service jurisdictions with the exception of NSW. The APS 5 TRP median is ranked third, behind NSW (11%) and ACT (2%)
- the annual movement of 4.3% is the highest of all jurisdictions.

Total Remuneration Package (TRP) Analysis – APS 6

Table B.17 – Median APS 6 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	3	1.00	2	1.06	1	0.92	6	0.94	5	0.95	4	0.91	7	0.68	8
2005	1.00	3	1.01	2	1.07	1	0.94	6	0.95	5	0.96	4	0.92	7	0.69	8

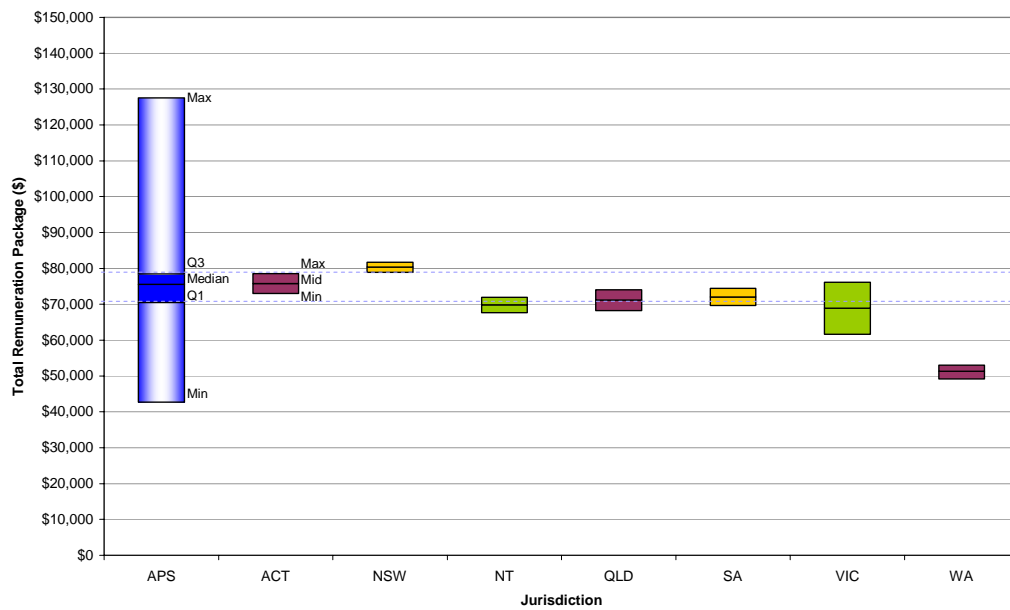
r = ranking cr = comparatio

Table B.18 – Median APS 6 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	M	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	4.4%	1	4.0%	4	4.0%	3	3.0%	7	4.1%	2	3.5%	5	3.0%	6	2.3%	8
2005	4.2%	1	4.0%	2	4.0%	3	3.0%	7	3.9%	4	3.8%	5	3.0%	6	2.0%	8

r = ranking m = movement

Chart B.9 – TRP Comparison in 2006 – APS 6



Tables B.17 and B.18 and Chart B.9 show that:

- APS 6 employees above Q1 are well positioned against all individual public service jurisdictions. The APS TRP median is ranked third behind NSW (6% lower) and ACT (minimal differential)
- the annual movement of 4.4% is the highest of all jurisdictions.

Total Remuneration Package (TRP) Analysis – EL 1

Table B.19 – Median EL 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	1	0.91	3	0.95	2	0.82	7	0.85	5	0.85	4	0.82	6	0.59	8
2005	1.00	1	0.92	3	0.95	2	0.83	7	0.85	5	0.86	4	0.83	6	0.60	8

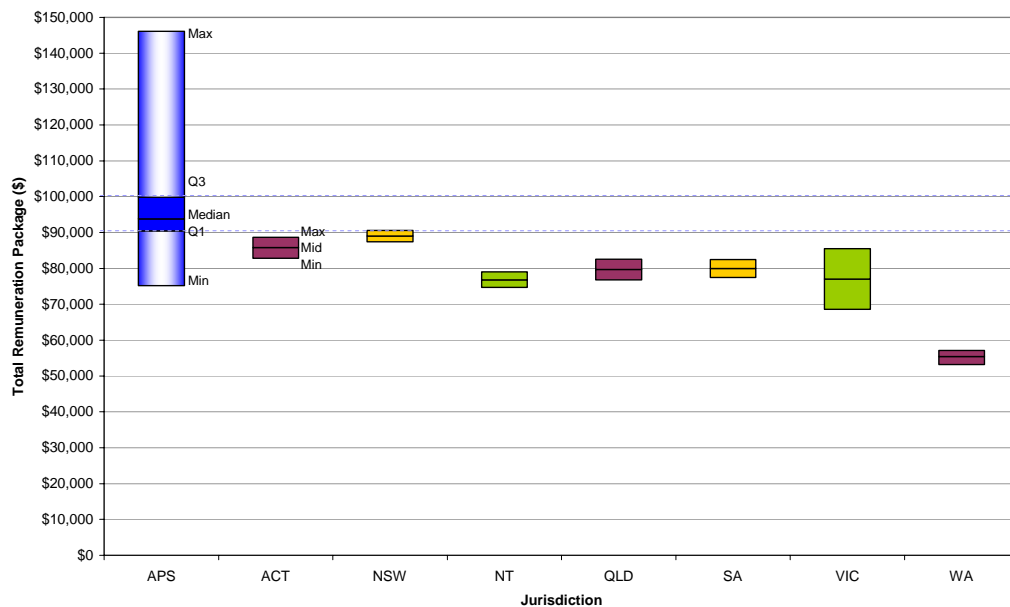
r = ranking cr = comparatio

Table B.20 – Median EL 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	M	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	4.4%	1	4.0%	4	4.0%	3	3.0%	7	4.0%	2	3.5%	5	3.0%	6	2.1%	8
2005	3.7%	4	4.0%	1	4.0%	2	3.0%	7	3.8%	3	3.7%	5	3.0%	6	1.8%	8

r = ranking m = movement

Chart B.10 – TRP Comparison in 2006 – EL 1



Tables B.19 and B.20 and Chart B.10 show that:

- EL 1 employees above Q1 have a higher TRP than the maximum of any other individual public service jurisdiction. The EL 1 TRP median ranked first, ahead of NSW and ACT by 5% and 9% respectively
- the EL 1 TRP median movement of 4.4% ranked highest across all individual public service jurisdictions.

Total Remuneration Package (TRP) Analysis – EL 2

Table B.21 – Median EL 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2006	1.00	1	0.85	3	0.86	2	0.74	7	0.78	4	0.78	5	0.76	6	0.52	8
2005	1.00	1	0.85	3	0.86	2	0.74	7	0.78	4	0.78	5	0.76	6	0.53	8

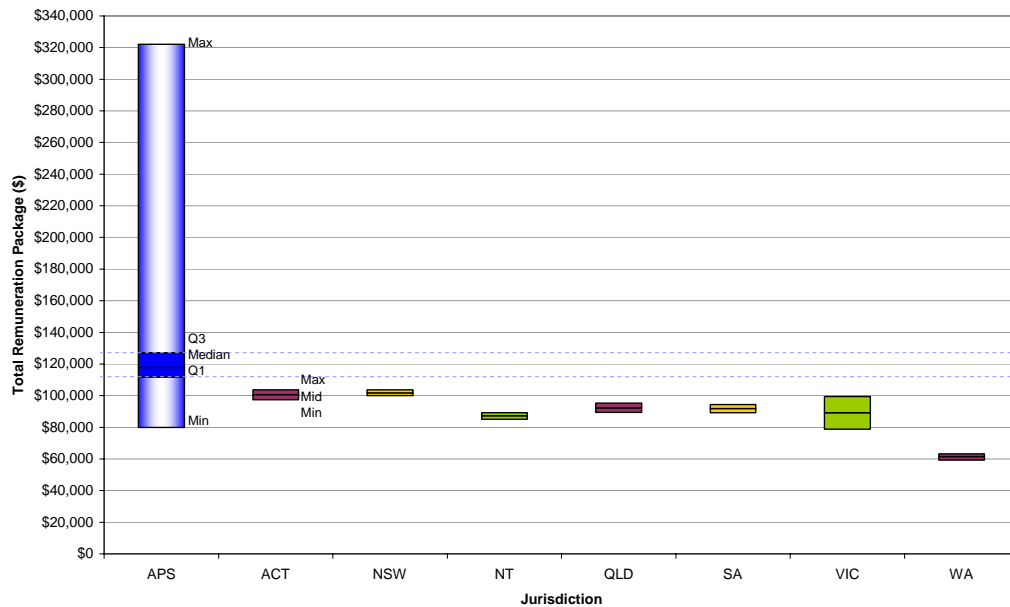
r = ranking cr = comparatio

Table B.22 – Median EL 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	M	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2006	3.5%	4	4.0%	2	4.0%	1	2.9%	7	3.9%	3	3.5%	5	3.0%	6	1.9%	8
2005	4.3%	1	4.0%	2	4.0%	3	2.9%	7	3.7%	4	3.6%	5	3.0%	6	1.6%	8

r = ranking m = movement

Chart B.11 – TRP Comparison in 2006 – EL 2



Tables B.21 and B.22 and Chart B.11 show that:

- EL 2 employees above Q1 are very competitively positioned, with Q1 TRP exceeding the maximum of any other individual public service jurisdiction. The EL 2 TRP median ranked first, ahead of NSW and ACT by 14% and 15% respectively
- the EL 2 TRP median movement of 3.5% ranked fourth across all individual public service jurisdictions, 0.5% behind the highest movement (in NSW).

Appendix C

Overview of Remuneration Practices in the Private Sector

The following section provides an overview of remuneration strategies, practices and policies observed in private sector organisations, including:

- a total remuneration approach – which incorporates salary packaging
- superannuation
- motor vehicles
- benefits
- incentives.

Information sources for the analysis in this section include Mercer's publication the *2006/2007 Australian Benefits Review*, as well as analyses from Mercer's proprietary Job Evaluation and Remuneration database.

Total Remuneration Approach

A total remuneration approach is where an organisation calculates the remuneration costs associated with employing an individual over and above Base Salary. Calculating total employment cost (TRP as defined in the APS Remuneration Survey) enables the organisation and its employees to understand the full value of remuneration and make valid remuneration comparisons between jobs of a similar size.

The following points provide key trends in relation to a total remuneration approach in the private sector:

- the percentage of organisations using a remuneration package approach remained stable over the last four years, at around 70%
- remuneration packaging is more commonly used for senior executives than any other staff category, a trend also seen in previous years
- the most common remuneration packaged items across all employee categories are company vehicles, employer and employee superannuation contributions, laptops and mobile phones
- a trend analysis shows that the flexibility in salary packaging across all staff categories has decreased by nearly 10% since Mercer's 2005 survey

- 74% of organisations who use a remuneration package approach provide their senior executive employees with the flexibility to choose the make up of their package. This reduces to 67% at the management level, 58% at the technical/professional level and 48% at the operations/support level
- the opportunity for employees to vary their package is primarily in the areas of superannuation and company vehicles, however, around 20% of organisations extend this flexibility to all benefits provided
- at least 45% of organisations surveyed require employees to take a minimum percentage of their remuneration package in cash, which is typically determined as a percentage of the employees' package. At the median, a minimum 60% of an employee's package must be taken in cash.

Superannuation

Superannuation continues to be an important part of the TRP approach adopted by the APS. However, as Table C.1 shows, the use of superannuation as a benefit in the private sector is comparatively lower. (*Source: Mercer database*).

Table C.1 – APS Superannuation Compared with the Private Sector Equivalent

Band	APS Median	Private Sector Median
APS 1 – 3	\$5,977	\$3,890
APS 4 – 6	\$8,316	\$5,784
EL 1 – 2	\$13,397	\$9,736
SES 1	\$23,105	\$15,708
SES 2	\$37,826	\$16,788
SES 3	\$50,903	\$18,941

Consistent with previous years, Table C.1 highlights that discernible differences exist between the private sector and the APS at all classifications, but particularly for EL 1 and above.

Key points in relation to superannuation are as follows:

- the incidence of defined contribution funds has stayed relatively stable in the last four years with 83% of organisations offering a defined contribution fund as the principal fund to their employees in 2006
- the proportion of private sector organisations with defined benefit funds is between 15% and 20%, depending on employee category. These funds are often managed on a maintenance only basis, with historical or frozen funds now closed to new members
- industry funds continue to be more common for operations/support employees than for other staff
- on average, nearly 90% of organisations surveyed were obliged to offer employees a choice of fund in accordance with the legislation introduced in July 2005
- overall, around 7% of employees within the organisations surveyed have exercised their choice and changed their superannuation fund
- for employees who took up their option to change superannuation fund, just over a quarter of the organisations allow these employees to continue to access life and disability insurance in the default fund

- the incidence of organisations currently making superannuation contributions over and above the SGC rate, for all employees, has remained stable since 2004 at a rate of around 20%
- on average, employer superannuation contributions are between 9.7% and 10.8% of fund salary, with the average increasing slightly as job level increases
- it is not common for organisations to make employer contributions to superannuation dependent on the amount of employee contribution
- around three quarters of the organisations surveyed reported that employee contributions to the defined contribution superannuation fund were completely flexible and employees could select any amount to contribute themselves. The majority of organisations offer employees the opportunity to make additional voluntary contributions to the fund
- at the median, employees in defined benefit funds contribute 5% of their fund salary to the defined benefit fund
- around 40% of senior executives, management staff and technical/professional staff typically salary sacrifice their superannuation contributions from their pre-tax remuneration. Operations/support staff are less likely to make pre-tax contributions to defined benefit funds.

Motor Vehicles

Company vehicles are a traditional feature of remuneration in Australia in the private sector. The continued popularity of the company car reflects its relative cost effectiveness as a remuneration component (i.e. under the current FBT regime, benefit cars are valued concessional for the purposes of FBT).

The following points are made in relation to motor vehicle practices in the private sector:

- nearly three quarters of organisations surveyed provide company benefit vehicles and/or novated lease benefit vehicles to employees
- job facility vehicles are more likely to be available for technical/professional and operations/support staff (51% of organisations), compared to around only 25% of organisations providing job facility vehicles to senior executives and management
- operations/support staff remain the group least likely to be provided with a company benefit vehicle or car allowance.

Table C.2 – Vehicle Provision in the Private Sector

Vehicle Type	Senior Exec	Mgmt	Tech/Prof	Ops/Support
Company provided benefit vehicle	55%	47%	34%	19%
Novated lease benefit vehicle	57%	62%	57%	41%
Job facility vehicle	23%	28%	51%	51%
Car allowance	45%	46%	40%	21%

Note: Percentages may add to more than 100%, as each method was not mutually exclusive

- In 2006 a higher proportion of surveyed organisations do not impose any restrictions on the benefit vehicle type (around 50% compared to around 40% in 2005). Sales representatives remain the group most likely to be restricted to a specified make and model of benefit vehicle
- the most predominant method of financing benefit vehicles for all employee groups is a novated lease, a method that has been increasing in popularity. Prior to 2001, the most popular form of financing benefit vehicles was an operating lease maintained by the employer. This continues to be the most common method of financing benefit vehicles for sales staff
- most organisations providing benefit vehicles allocate their cost to the employee at all staff levels. In most cases, organisations adopt the same method to determine the remuneration cost of vehicles for all employees. Typically this is done by calculating the actual annual cost of the vehicle including all running, maintenance and associated costs.

Benefit Provision

Tables C.3 to C.8 present an analysis of actual private sector benefit and incentive payments by SES and non-SES equivalent positions. The benefits included are motor vehicles, car allowances, superannuation and actual bonuses.

In relation to the private sector data please note:

- data is effective as at December 2006
- superannuation is employer contribution only
- motor vehicle costs are based on the purchased price provided and are devised using the Mercer Car Formula. The formula was applied with the same assumptions as those applied to the APS Remuneration Survey
- actual bonus paid only includes zeros if the individual was noted as eligible for a bonus, but no bonus was given
- actual APS data for EL 1 to SES 3 employees have been provided in the applicable table for comparison purposes
- some categories are not well populated in Mercer's private sector database, as detailed in the 'n' field.

Table C.3 – Benefit Provision in the Private Sector in 2006 for APS 1 to APS 3 Equivalent

	Q1	Median	Q3	Mean	n	APS 1 Med	APS 2 Med	APS 3 Med
Motor Vehicle Cost	\$8,878	\$9,663	\$11,666	\$10,986	192	-	-	-
Car Allowance	\$11,184	\$15,251	\$17,182	\$13,818	189	-	-	-
Superannuation	\$3,496	\$3,890	\$4,575	\$4,236	15067	\$5,237	\$5,977	\$6,717
Actual Bonus / Incentive	\$1,779	\$2,822	\$3,965	\$3,419	5011	\$500	\$96	\$0

Table C.4 – Benefit Provision in the Private Sector in 2006 for APS 4 to APS 6 Equivalent

	Q1	Median	Q3	Mean	n	APS 4 Med	APS 5 Med	APS 6 Med
Motor Vehicle Cost	\$10,104	\$12,933	\$14,726	\$12,946	3250	--	--	--
Car Allowance	\$15,251	\$16,776	\$18,707	\$16,399	4035	--	--	--
Superannuation	\$4,579	\$5,784	\$7,439	\$6,315	37567	\$7,487	\$8,316	\$9,658
Actual Bonus / Incentive	\$2,505	\$4,367	\$7,633	\$6,463	12689	\$0	\$0	\$1,465

Table C.5 – Benefit Provision in the Private Sector in 2006 for EL 1 and EL 2 Equivalent

	Q1	Median	Q3	Average	n	APS EL 1 Median	APS EL 2 Median
Motor Vehicle Cost	\$10,349	\$13,654	\$16,185	\$14,010	1357	\$23,137	\$19,476
Car Allowance	\$16,715	\$19,826	\$21,655	\$19,055	2176	--	\$20,500
Superannuation	\$7,746	\$9,736	\$12,205	\$10,358	7543	\$11,832	\$14,962
Actual Bonus / Incentive	\$6,507	\$11,184	\$19,235	\$14,898	4464	\$3,000	\$3,897

Table C.6 – Benefit Provision in the Private Sector in 2006 for SES 1 Equivalent

	Q1	Median	Q3	Average	n	APS SES 1 Median
Motor Vehicle Cost	\$11,948	\$16,415	\$22,682	\$18,675	254	\$21,344
Car Allowance	\$15,251	\$21,363	\$27,351	\$22,902	435	\$20,740
Superannuation	\$12,342	\$15,708	\$21,201	\$17,978	1194	\$23,105
Actual Bonus / Incentive	\$15,825	\$29,551	\$53,550	\$42,524	673	\$8,050

Table C.7 – Benefit Provision in the Private Sector in 2006 for SES 2 Equivalent

	Q1	Median	Q3	Average	n	APS SES 2 Median
Motor Vehicle Cost	\$12,392	\$18,227	\$26,052	\$21,184	187	\$22,000
Car Allowance	\$20,207	\$26,231	\$37,364	\$28,426	177	\$21,840
Superannuation	\$12,347	\$16,788	\$25,178	\$21,036	762	\$37,826
Actual Bonus / Incentive	\$24,679	\$46,316	\$81,336	\$67,153	515	\$11,318

Table C.8 – Benefit Provision in the Private Sector in 2006 for SES 3 Equivalent

	Q1	Median	Q3	Average	n	APS SES 3 Median
Motor Vehicle Cost	\$10,057	\$17,787	\$25,686	\$20,107	29	\$23,000
Car Allowance	\$20,080	\$25,672	\$37,618	\$29,719	225	\$22,500
Superannuation	\$13,725	\$18,941	\$28,762	\$23,498	315	\$50,903
Actual Bonus / Incentive	\$33,670	\$58,957	\$89,816	\$86,190	253	\$15,777

As can be seen from Tables C.3 to C.8:

- median superannuation is significantly higher across all APS classifications
- median bonuses across all APS classifications are significantly lower than the median private sector bonuses
- median vehicle costs in the private sector appear low in comparison to car allowances, and have reduced since 2005. Mercer reports that an increasing proportion of organisations have adopted a budget approach (ie car allowance value), or have not separately identified a vehicle cost, as remuneration is managed by a TRP approach.

Incentive Practices in the Private Sector

Variable reward (i.e. short-term and long-term incentives) has become an integral part of reward strategy in the private sector, given that it is a valuable tool in driving both individual performance and organisational outcomes.

In the private sector variable reward can be used to recognise and reinforce the behaviours and attitudes desired by the organisation, in order to underpin a strong culture and support the business strategy. In addition, variable reward is used to reward the achievement of activities and accountabilities considered necessary to fulfil the organisation's business strategy.

The survey data highlights that although many APS agencies incorporate performance bonuses into an employee's TR, the incidence of performance bonuses for non-SES classifications below APS 5 is low. Nevertheless, this does reflect a move toward a high performance culture through rewarding employee performance. Similarly, Mercer's *2006/2007 Australian Benefits Review* reports that, of those private sector organisations with an incentive plan operating, employees at all levels are generally able to participate.

In 2006, the levels of performance bonuses received by SES employees, as a proportion of TRP are shown in Table C.9. Non-SES performance bonus proportions have not been included because the majority of non-SES employees did not receive a performance bonus in 2006.

Table C.9 – Average Performance Bonus as a Percentage of TRP

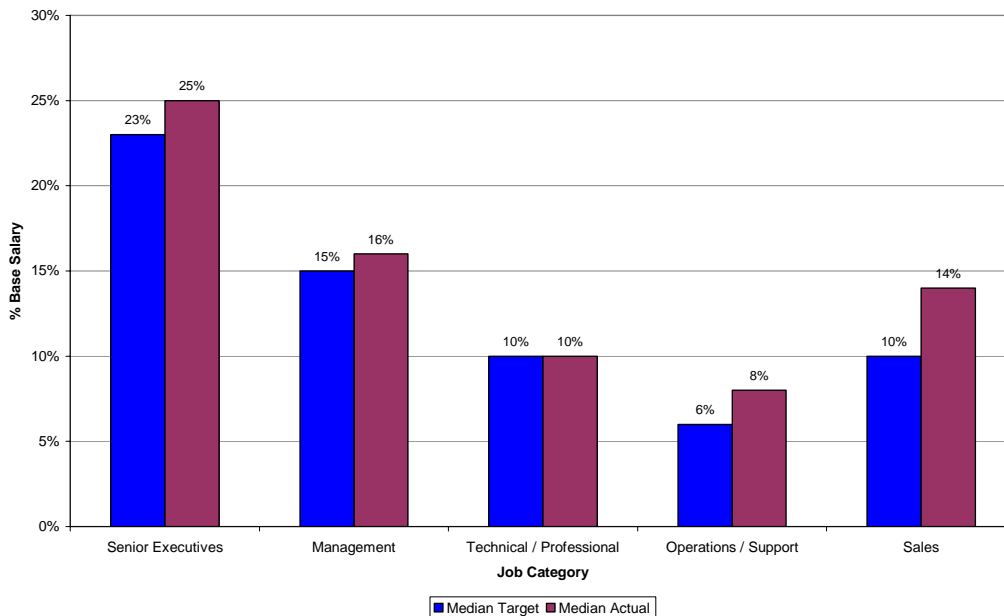
Band	Average % of TRP
SES 1	4.8
SES 2	5.5
SES 3	5.6

Whilst Table C.9 illustrates only a small difference between performance bonuses (as a percentage of TRP) between SES 1 and SES 3, in the private sector incentive payments generally increase on a proportional basis with the classification of the employee. Depending on the size of the organisation, median incentive levels are generally up to 40% of TRP for CEOs and 30% of TRP for executives. For non-SES equivalent positions in the private sector, incentive payments generally range between 5% and 20% of TRP.

Target Incentive Levels

Chart C.1 compares the median incentive target with the median actual incentive payment for a range of private sector job families (as a percentage of Base Salary). Actual payouts in 2006 tended to be higher than target incentive levels, a finding which is not typical, and which is associated with many companies achieving high levels of profitability.

Chart C.1 – 2006 Target Incentive versus Actual Incentive Payments



- the majority of organisations in the survey group use base salary when determining payment as a percentage of remuneration
- on average, 82% of organisations reported the same or greater payouts compared to last year (this figure was 43% in 2005), with only an average of 18% of organisations reporting a decrease in payments

- the majority of organisations surveyed (69%) place a cap on short-term incentive payments to employees. This cap is typically expressed as a percentage of the employee's remuneration. An increasing percentage of organisations indicated the maximum is dependent on managerial discretion (around 20% in 2006, compared to 12% in 2005)
- consistent with the APS, nearly all organisations surveyed pay bonuses in cash, while the practice of offering rewards in the form of a superannuation top-up or shares has increased since 2005 (up to an average of 29% from 13%)
- the majority of organisations (76% to 82%) use a formal performance appraisal or performance management process to measure performance for incentive payments, a similar proportion seen in previous years.

Table C.10 highlights the most commonly used measures to assess performance for senior executives, according to Mercer's *2006/2007 Australian Benefits Review*.

Table C.10 – Most Commonly Used Performance Measures to assess Private Sector Executive Performance

Performance Measure	% of Organisations
Profit	73%
Revenue	53%
Cost Control	35%
Productivity	29%
Sales	33%
Customer Satisfaction	32%
Service levels	28%
OH&S Measures	19%
Market Share	18%
Employee training and development	12%
Work in progress	7%
Absenteeism	3%
Share price growth	9%
Total shareholder reward	7%
Earnings per share	9%

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