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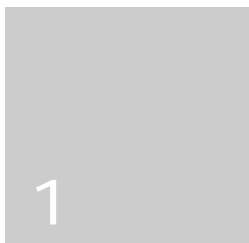
APS SES Remuneration
Survey
Department of Employment &
Workplace Relations

MERCER

Human Resource Consulting

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Executive Summary

All APS agencies were invited to participate in the 2001 SES remuneration survey. Sixty-one agencies provided data for inclusion in this report, compared with sixty in 2000. However, despite a similar number of contributing agencies, there was a 9.3% increase in the number of SES employees surveyed, with 1,581 in the 2001 survey compared with 1,446 in the 2000 survey. The increase in numbers can be attributed to changes in the composition of the participating agencies, and the inclusion of portfolio agencies by some Commonwealth departments.

This survey report contains two sections, one outlining the remuneration findings of the survey and the other containing the SES remuneration policy findings.

The aggregated data tables are contained in the section of this report titled *Remuneration Results*, a summary of which is found below.

Table 1
SES Remuneration Summary¹ - Survey Average

Band ²	Base Salary	Total Remuneration Package ³	Actual Incentive Payments ⁴	Total Reward ^{5,6}
Dollars				
SES 1	99,365	134,548	4,755	138,623
SES 2	122,551	164,201	7,258	170,084
SES 3	153,416	202,106	9,060	209,764

Table 2
SES Remuneration Summary¹ - Survey Median

Band ²	Base Salary	Total Remuneration Package ³	Actual Incentive Payments ⁴	Total Reward ^{5,6}
Dollars				
SES 1	99,178	135,541	4,725	138,888
SES 2	121,737	166,041	8,147	169,983
SES 3	153,286	202,884	8,828	207,623

¹ The figures are based on the number of SES employees who have received the benefit. For example, if 15 SES employees had received an incentive payment the value for incentives would be based on those 15 SES employees.

² SES Band or equivalent.

³ Total Remuneration Package includes Base Salary, superannuation, motor vehicles and other fixed benefits paid to SES employees.

⁴ Actual incentive payments received during the year ending 31 December 2001.

⁵ Total Reward is the Total Remuneration Package plus any incentive payments.

⁶ The calculations of Total Remuneration Package and Total Reward, are made separately for each incumbent, and then ranked. Thus, the median/average Total Reward figure, for example, is not the sum of all the medians/averages of each component included in Total Reward (i.e. not the sum of each row). It is the median/average figure for the Total Reward of all incumbents, regardless of how many or what value of remuneration components they received.

Sample on Sample Movements

Sample on sample movements provide a measure of the overall movements over the survey period. Sample on sample movements may be affected by changes in the composition of the database. For example, the inclusion within the sample of new high-paying agencies may skew the data upwards. Nevertheless, sample on sample movements provide a useful representation of movements in the overall APS SES remuneration market.

Figures 1 & 2 show the median percentage increase in **Base Salary** and **Total Remuneration Package** between 1999 and 2001.

Figure 1

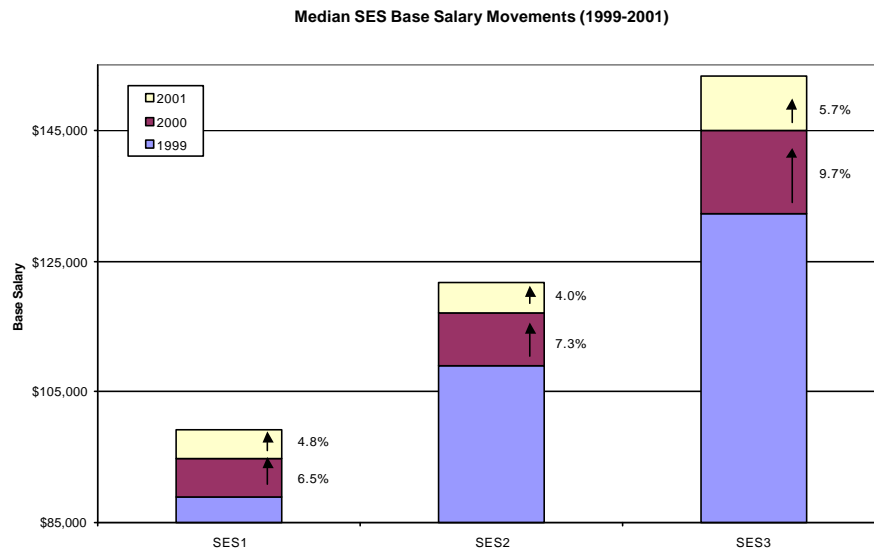
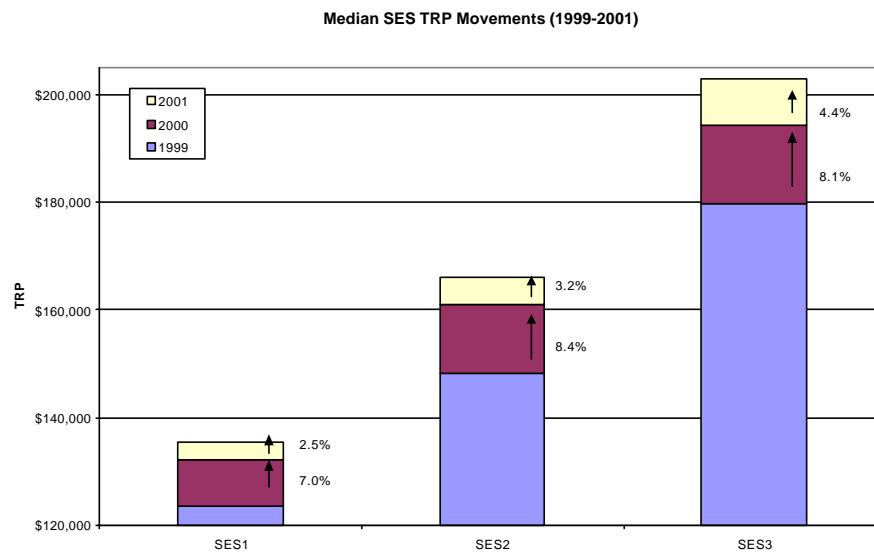


Figure 2



As is shown in Figures 1 & 2, more moderate increases occurred at the Base Salary and Total Remuneration Package level in 2001 when compared to 2000. Please note, the smaller movements shown at the TRP level in 2001, compared with movements at the Base Salary level, can be explained by relatively unchanged superannuation and motor vehicle values for 2000 and 2001 (*refer to Tables 16 and 17*).

Please note, these increases are sample on sample remuneration movements for each of the SES Bands.

Average Movements Per Annum from 1996 to 2001

- The average sample on sample increase for median Base Salary from 1996 to 2001 is 4.5% p.a. for SES 1, 4.4% p.a. for SES 2 and 5.5% p.a. for SES 3.
- The average sample on sample increase for median Total Remuneration Package from 1996 to 2001 is 3.5% p.a. for SES 1, 4.1% p.a. for SES 2 and 4.7% p.a. for SES 3.



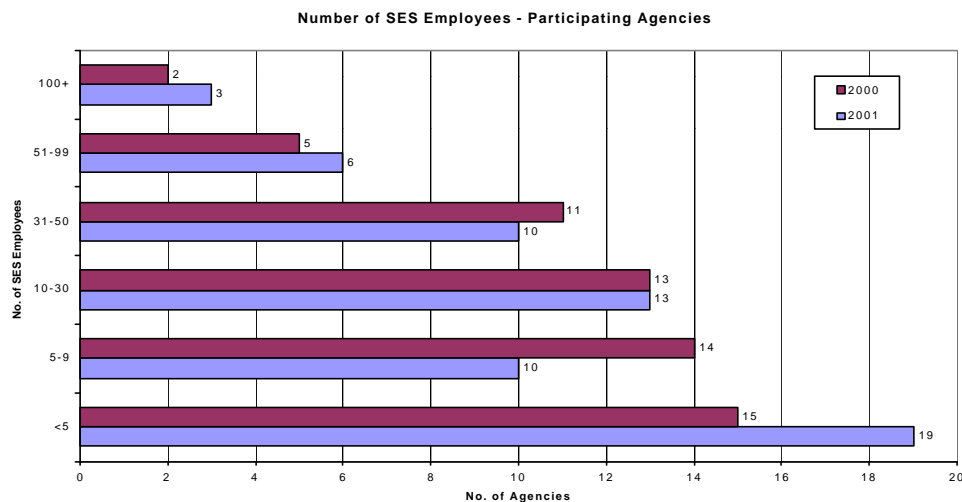
Introduction – Survey Participants

The Department of Employment & Workplace Relations (DEWR) commissioned Mercer Human Resource Consulting (Mercer) to conduct a survey on remuneration for Senior Executive Service (SES) employees within the Australian Public Service (APS).

Sixty-one (61) agencies participated in this survey covering 1,581 SES employees. This represented around 95% of the 1662 ongoing APS staff as at June 2001 (*Source: APS Statistical Bulletin 2000-2001*). The number of SES employees in each participating agency is shown in Table 4, with Figure 3, highlighting the number of small versus large agencies participating in the survey.

Nearly all APS SES employees are covered by Australian Workplace Agreements (AWAs). The survey does not cover statutory office holders covered by Remuneration Tribunal determinations.

Figure 3



Of the sixty agencies participating, only six agencies (10%) had more than 50 SES employees. 69% of agencies surveyed had 30 or less SES employees, 16% had between 31 and 50 SES employees, and only three agencies (5%) had 100 or more SES employees.

Table 4
Number of SES employees by Agency¹

Agency	Number of SES Employees	
	2001	2000
Aboriginal & Torres Strait Islander Commission	21	25
Agriculture, Fisheries & Forestry - Australia	63	64
Attorney-General's Department	43	35
AusAID	17	17
Australia New Zealand Food Authority	4	4
Australian Broadcasting Authority	5	4
Australian Bureau of Statistics	33	31
Australian Centre for International Agricultural Research	3	3
Australian Communications Authority	10	9
Australian Competition & Consumer Commission	15	12
Australian Customs Service	30	29
Australian Electoral Commission	3	6
Australian Greenhouse Office	8	8
Australian Institute of Health and Welfare	3	-
Australian National Audit Office	19	17
Australian Office of Financial Management	2	-
Australian Radiation Protection and Nuclear Safety Agency	5	5
Australian Security and Investments Commission	20	18
Australian Taxation Office	171	150
Australian War Memorial	3	3

Agency	Number of SES Employees	
	2001	2000
Centrelink	80	51
Comcare Australia	5	5
Commonwealth Grants Commission	3	4
Commonwealth Superannuation Administration	4	-
Department of Communications, Information Technology & the Arts	44	23
Department of Defence	103	78
Department of Education, Science and Training	31	30
Department of Employment and Workplace Relations	47	51
Department of Family & Community Services ²	86	42
Department of Finance and Administration	55	47
Department of Foreign Affairs & Trade ³	148	140
Department of Health & Ageing	60	81
Department of Immigration & Multicultural & Indigenous Affairs	31	35
Department of Industry, Tourism & Resources	77	68
Department of Parliamentary Reporting Staff	8	-
Department of Prime Minister & Cabinet	30	34
Department of the House of Representatives	4	5
Department of the Parliamentary Library	2	2
Department of the Senate	6	6
Department of the Treasury	41	38
Department of Transport & Regional Services	38	37
Department of Veterans' Affairs	32	32
Environment Australia	47	47
Family Court of Australia	16	8

Agency	Number of SES Employees	
	2001	2000
Insolvency and Trustee Service, Australia	5	5
Joint House Department	3	3
National Archives of Australia	3	3
National Capital Authority	1	-
National Crime Authority	14	17
National Library of Australia	8	7
National Museum of Australia	4	4
National Native Title Tribunal	3	3
National Occupational Health and Safety Commission	3	-
National Office for the Information Economy	13	8
Office of Film & Literature Classification	3	2
Office of National Assessments	5	6
Office of Parliamentary Counsel	11	10
Office of the Commonwealth Ombudsman	4	4
Office of the Employment Advocate	1	5
Productivity Commission	18	19
Public Service & Merit Protection Commission	6	6

1 Includes Parliamentary Departments

2 FACS figure includes Child Support Agency

3 DFAT figure includes diplomatic corps and other overseas based SES (or equivalent) employees

The following Table shows the number and proportion of employees in each SES band.

Table 5
Number of SES Employees by Band

Band	Count			Percentage		
	2001	2000	1999	2001	2000	1999
SES 1	1154	1,066	1,050	73.0	73.7	72.5
SES 2	343	300	328	21.7	20.8	22.7
SES 3	84	80	70	5.3	5.5	4.8
Total	1581	1,446	1,448	100.0	100.0	100.0

As highlighted in the above Table, the proportion of SES employees at each SES level has remained relatively consistent between 1999 and 2001. However, between 2000 and 2001, the number of SES employees surveyed has increased by 8.3% at SES 1, 14.3% at SES 2, and 5% at SES 3.

Table 6 shows how employees were distributed by location in 2001, with the majority of employees being located in Canberra.

Table 6
Number of SES employees by Location

Location	Count			Total
	SES 1	SES 2	SES 3	
ACT	785	219	57	1061
Australia (State unspecified)	44	21	4	69
NSW	58	13	4	75
NT	5	1		6
QLD	37	7		44
SA	13	4		17
TAS	5	1		6
VIC	68	15	2	85
WA	15	1		16
Unspecified	67	36	8	111
Overseas	57	25	9	91
Total	1154	343	84	1581



Findings – Remuneration Items

The following section summarises findings for Base Salary, Total Remuneration Package (TRP), bonus/incentive payments and Total Reward (TR). A detailed presentation of the distribution of Base Salary, TRP and bonus/incentive payments is shown *in Section 6 – Distribution Charts*.

Base Salary

Base Salary represents the full time equivalent annualised PAYE salary. It *includes* post-tax employee superannuation contributions and any additional car post-tax salary sacrifice amount. It *excludes* all other cash components including bonus and allowances.

Table 7 provides a summary of sample-on-sample average and median Base Salary movements for SES employees.

Table 7
Base Salary Comparison (2000 to 2001)
Sample-on-Sample

Band	Average Base Salary			Median Base Salary		
	2001	2000	Movement	2001	2000	Movement
	Dollars		%	Dollars		%
SES 1	99,365	94,822	4.8	99,178	94,679	4.8
SES 2	122,551	117,395	4.4	121,737	117,000	4.0
SES 3	153,416	145,764	5.2	153,286	145,000	5.7

Table 8 shows the shifts in Median Base Salary since 1996.

Table 8
Median Base Salary (1996 to 2001)

Band	October 1996 ¹	December 1998 ²	December 1999 ³	December 2000 ⁴	December 2001 ⁵
Dollars					
SES 1	80,818	87,441	88,900	94,679	99,178
SES 2	99,609	106,055	108,998	117,000	121,737
SES 3	120,193	127,021	132,212	145,000	153,286

¹ Based on the 1996 APS wide rates as at October 1996.
² The 1998 survey was based on data as at 31 December 1998.
³ The 1999 survey is based on data as at 31 December 1999.
⁴ The 2000 survey is based on data as at 31 December 2000.
⁵ The 2001 survey is based on data as at 31 December 2001.

The average sample on sample increase for median Base Salary from 1996 to 2001 is 4.5% p.a. for SES 1, 4.4% p.a. for SES 2 and 5.5% p.a. for SES 3.

The following Figure shows the spread of Base Salary at each SES level. In particular, the positioning of Q1, Median and Q3, suggests that the majority of positions are remunerated between \$90,000 - \$105,000 at SES 1, \$115,000-\$130,000 at SES 2, and \$140,000-\$160,000 at SES 3. Refer to section 6 – Distribution charts.

Figure 4



Total Remuneration Package

Total Remuneration Package (TRP) represents the total of:

- Base Salary
- Superannuation (including EPSC amounts)
- Annual remuneration value of motor vehicles (including parking and FBT)
- Other fixed benefit items

TRP excludes business-related on-costs such as workers compensation premiums or payroll tax.

Table 9 provides a summary of sample-on-sample average and median TRP movements for SES employees.

Table 9
Total Remuneration Package Comparison (2000 to 2001)

Band	Average TRP			Median TRP		
	2001	2000	Movement	2001	2000	Movement
	Dollars		%	Dollars		%
SES 1	134,548	131,725	2.1	135,541	132,287	2.5
SES 2	164,201	160,542	2.3	166,041	160,882	3.2
SES 3	202,106	195,537	3.4	202,884	194,309	4.4

Table 10 shows the shifts in TRP since 1996.

Table 10
Median Total Remuneration Package (1996 to 2001)

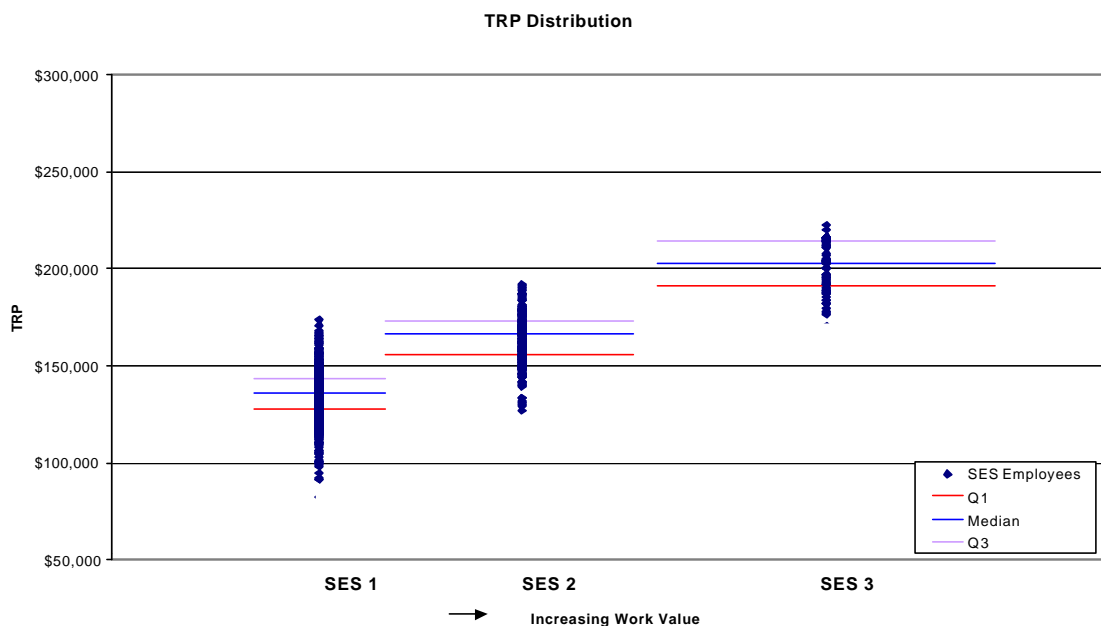
Band	October 1996 ¹	December 1998 ²	December 1999 ³	December 2000 ⁴	December 2001 ⁵
Dollars					
SES 1	115,308	120,952	123,649	132,287	135,541
SES 2	137,839	144,773	148,365	160,882	166,041
SES 3	164,566	173,410	179,757	194,309	202,884

- 1 Based on the 1996 APS wide rates as at October 1996.
- 2 The 1998 survey was based on data as at 31 December 1998.
- 3 The 1999 survey is based on data as at 31 December 1999.
- 4 The 2000 survey is based on data as at 31 December 2000.
- 5 The 2001 survey is based on data as at 31 December 2001

The average sample on sample increase for median TRP from 1996 to 2000 is 3.5% p.a. for SES 1, 4.1% p.a. for SES 2 and 4.7% p.a. for SES 3.

The following Figure shows the spread of TRP at each SES level, with the majority of positions remunerated between \$125,000 - \$145,000 at SES 1, \$165,000-\$180,000 at SES 2, and \$200,000+ at SES 3.

Figure 5



Bonus/Incentive Payments

The majority (85%) of agencies reported that they provide performance-based incentives for their SES employees, with 71% of eligible employees receiving an incentive payment in 2001. This compares with 84% and 80% in 2000 respectively. Actual incentive payments for SES employees ranged from 0% up to 30% of Base Salary.

Table 11 shows the value of incentive payments actually received by eligible SES employees compared with their target incentive. The target incentive amount is the dollar or percentage amount per annum that the SES employee would receive should they meet their 'target' performance criteria. The target is generally linked to performance appraisal results, which take into account the achievement of business objectives, position objectives and/or team objectives. Please note, 70% of employees who received an incentive, achieved their target opportunity.

Table 11
Comparison of Actual Incentive Paid with Target Incentive

Band	Target	Maximum ¹	Actual	Av. % of TRP (Actual)
		Dollars		%
SES 1	6,260	30,000	4,755	3.5
SES 2	8,704	30,000	7,258	4.4
SES 3	9,974	35,000	9,060	4.5

1 Refers to actual maximum incentive received, not maximum opportunity

Table 11 shows that on average, actual incentive payments were below target incentive levels in 2001. Please note, target incentive levels increased on 2000 levels.

Of the 71% of SES employees who actually received an incentive, 25% took their incentive payments as an increase in salary. The following Table compares the median Base Salary of employees who took their incentive payment as salary, to all other employees. As is shown, the Base Salary values are very similar, suggesting that the overall Base Salary movement (from 2000 to 2001) has not been significantly impacted by individuals taking incentive payments as salary.

Table 12
Median Base Salary Comparison

Band	Incentive Taken as Salary	All other employees
	Dollars	
SES 1	100,200	99,169
SES 2	122,162	121,608
SES 3	151,391	153,544
Total	102,200	101,000

Table 13 shows the average actual incentive taken as salary, and as a proportion of the actual bonus paid.

Table 13
Incentive Taken as Salary

Band	Actual incentive taken as salary increase	Actual incentive taken as a salary increase as a proportion of actual incentive paid	Proportion of TRP
	Dollars	Percentage	
SES 1	1,929	40.6	1.4
SES 2	2,949	40.6	1.8
SES 3	6,880	75.9	3.4

More detail on incentive payments and other forms of variable pay in the APS can be found in the section of this report titled *Findings – Remuneration Policy*.

Figures 6 and 7 show the average and median actual incentives received by eligible SES employees between 1999 and 2001. Consistent with market practice, as the level of the executive increases so to does the incentive received. Of particular interest, is the notable decrease in the average incentive received by SES 3 employees in 2001, compared with 2000 and 1999.

Figure 6

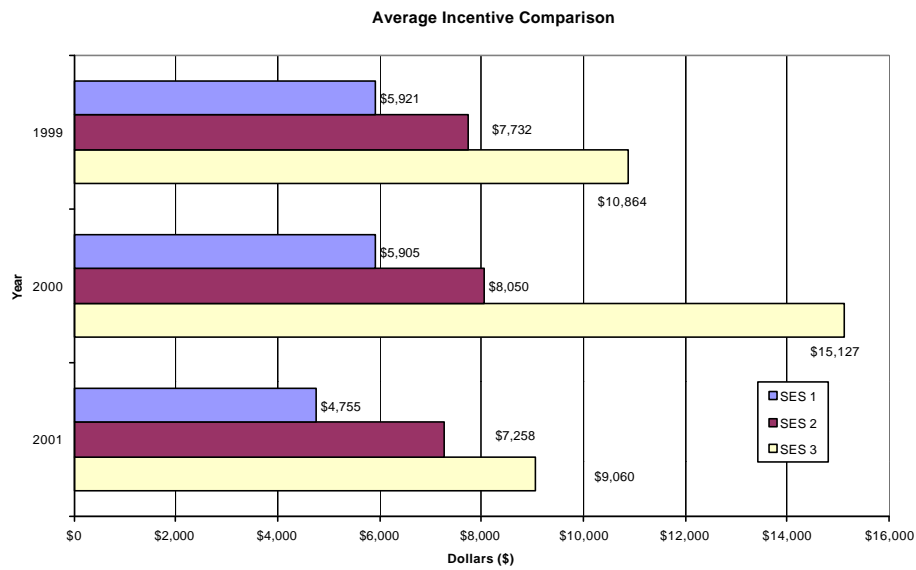
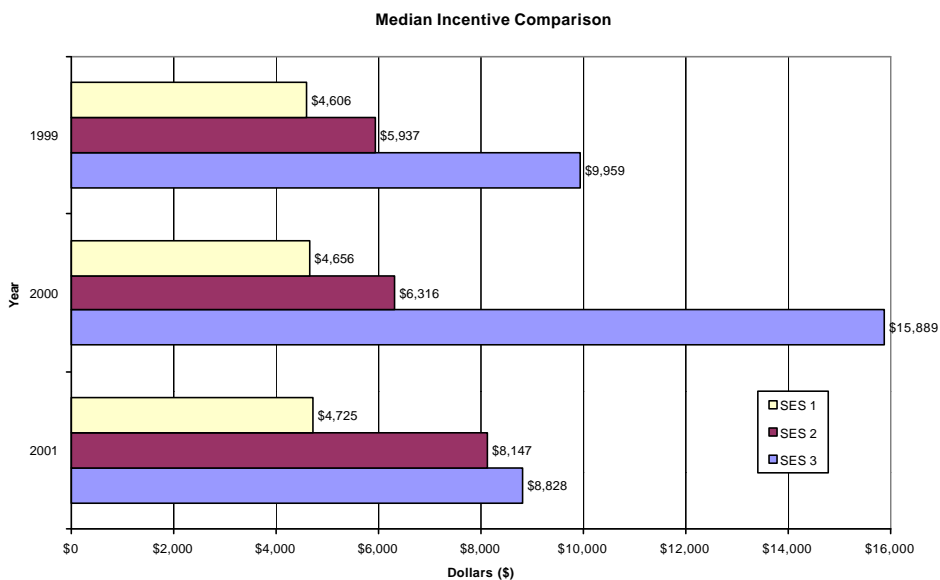


Figure 6, highlights that on average, SES employees received lower incentive payments in 2001, compared with 1999 and 2000. The percentage differences between 2000 and 2001 are as follows: -19.5% at SES 1, -9.8% at SES 2, and -40.1% at SES 3.

Figure 7



However, comparisons at the median level show, that the median incentive between 2000 and 2001 at SES 1 and SES 2, has increased (1.5% and 29% respectively), and decreased at SES 3 (-44.4%). Compared with previous years, Figure 7 shows a small gap in the median incentive received for SES 2 and SES 3 employees.

Interestingly, when we just look at those individuals who did receive an incentive, there is a discernible difference between the average and median values in 2001 (particularly at SES 3), compared with Figures 6 & 7. These differences are not as notable in 2000, given that a higher proportion of eligible incumbents received an incentive payment.

Table 14
Median & Average Incentives for those who received a payment

Band	Median Incentive		Average Incentive	
	2000	2001	2000	2001
SES 1	4,750	5,181	6,112	6,690
SES 2	6,426	9,015	8,335	10,039
SES 3	15,889	14,333	15,418	13,400

Table 15 shows the proportion of incentive payment received to base salary and TRP.

As is evident from the Table 15, SES 2 and SES 3 employees received similar incentive proportions in 2001. In addition, in 2001, incentives as a proportion of Base Salary and TRP, are smaller than those in 2000.

Table 15
Proportion of Incentive Payment (to Base Salary and TRP)

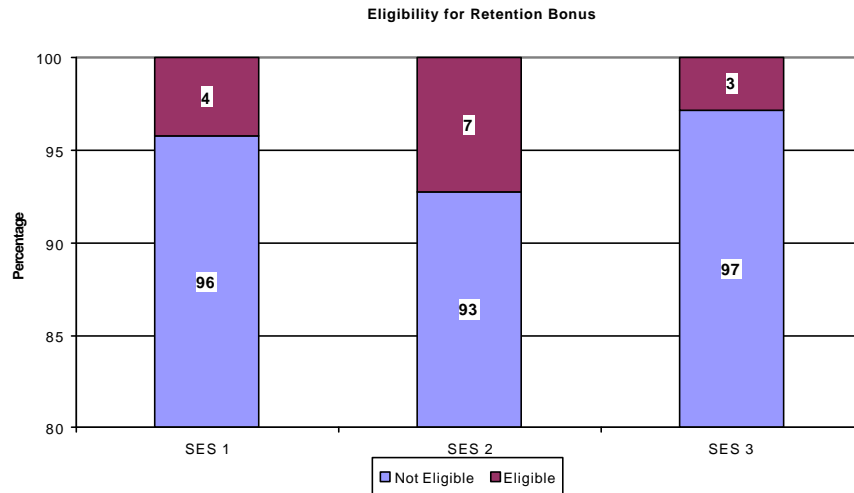
Band	Av. Proportion of Base Salary		Av. Proportion of TRP	
	2000	2001	2000	2001
Percentage				
SES 1	6.2	4.8	4.5	3.5
SES 2	6.9	5.9	5.1	4.4
SES 3	10.4	5.9	7.8	4.5

Retention Bonus

Special payments are made to some SES staff as a means of retaining that employee for the duration of a project or for a particular period of time.

The following figure shows that the majority of SES employees are not eligible for a retention bonus. Only 32 individuals (2%) were paid a retention bonus. Five of those individuals took the retention bonus as an increase in salary.

Figure 8

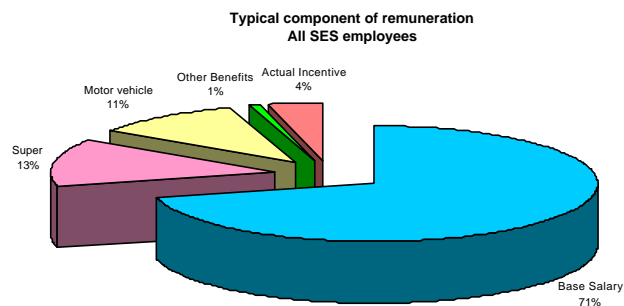


The average retention bonus for SES 1 employees was \$9,224, and \$8,013 for SES 2. On average, this represented 6.9% and 4.9% of average TRP respectively.

Total Reward

Total Reward (TR) represents the sum of Total Remuneration Package and actual incentive payments. Figure 9 illustrates graphically the typical breakdown of remuneration components for APS SES employees.

Figure 9



Figures 10 and 11 show average and median TR for SES employees between 1999 and 2001.

Figure 10

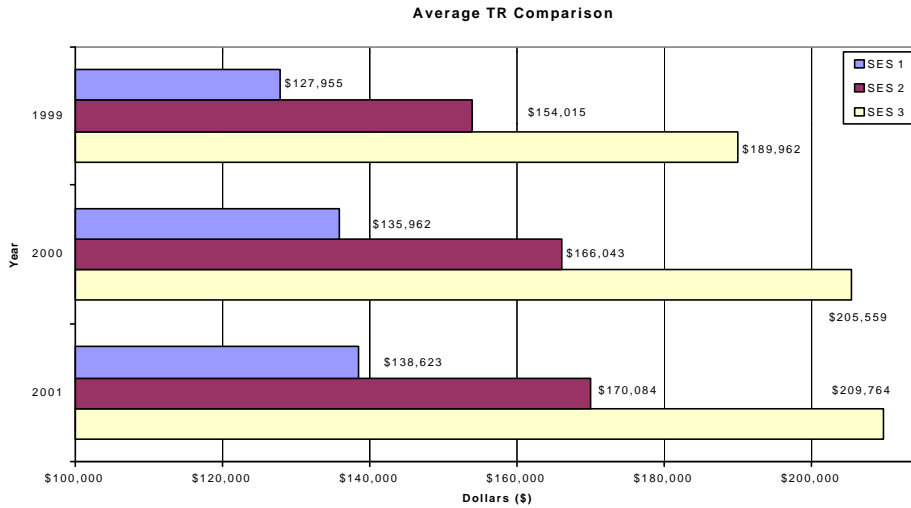
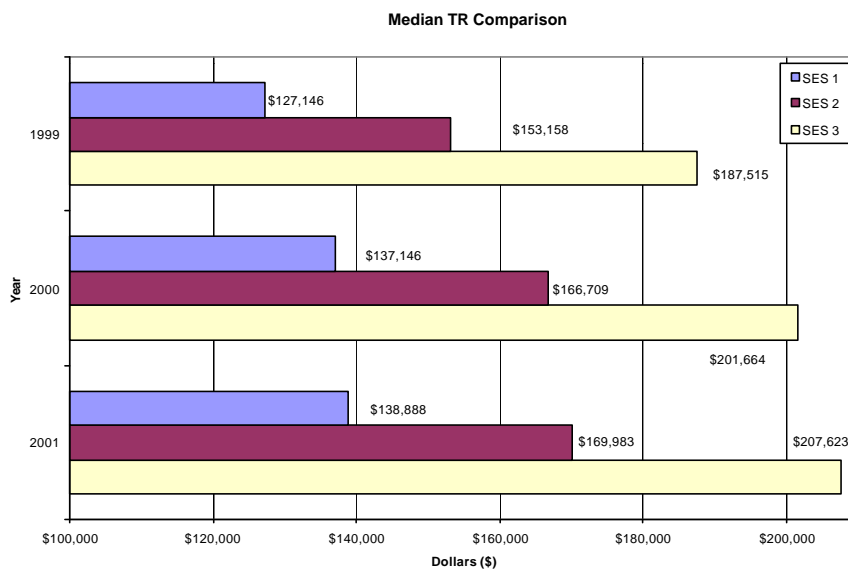


Figure 10 shows that on average, TR has increased for SES employees between 1999 and 2001. On average, the percentage increases between 2000 and 2001 were 2% at SES 1, 2.4% at SES 2, and 2.0% at SES 3.

Figure 11



Consistent with the average TR comparison, Figure 11 shows that TR has increased at the median levels for SES employees between 1999 and 2001. The median percentage increases between 2000 and 2001 were 1.3% at SES 1, 2.0% at SES 2, and 3.0% at SES 3.

Motor vehicles

Motor vehicles are a traditional feature of remuneration in Australia, with their continued popularity reflecting their relative cost effectiveness as a remuneration component. It is often more tax effective for an employee to receive a vehicle as part of their TRP and incur the concessional fringe benefits tax (FBT), than receive the equivalent in salary on which they incur income tax.

Please note, for consistency with previous surveys, parking allowances and any associated Fringe Benefits Tax (FBT) are also included in the *Motor Vehicles* remuneration item.

In 2001, 97% of SES employees had a motor vehicle as part of their package, and as illustrated in Table 16, there does not appear to be any major shift in the value of motor vehicles for SES employees. In particular, at the median level, a movement of 0.4% in the motor vehicle cost occurred between 2000 and 2001.

Table 16
Motor Vehicle costs¹ (including parking and FBT)

Band	Q1	Median	Q3	Average	Median Movement 00-01
	Dollars				Percentage
SES 1	16,202	18,000	21,230	17,221	0.4
SES 2	16,504	17,398	21,371	18,014	-5.9
SES 3	17,119	20,500	21,581	19,017	6.5
2001 Overall	16,222	18,000	21,240	17,495	0.4
2000 Overall	15,340	17,934	19,252	17,684	-

¹ Cost to SES employees package, not actual value of vehicle

Superannuation

The following Tables compare median and average superannuation between 1999 and 2001.

Table 17
Median Superannuation Comparison

	2001	2000	1999	Movement 00-01	Movement 99-00
	Dollars			Percentage	
SES 1	19,144	19,208	18,025	-0.3	6.6
SES 2	23,989	23,903	21,981	0.4	8.7
SES 3	30,297	28,743	27,334	5.4	5.2

Table 18
Average Superannuation Comparison

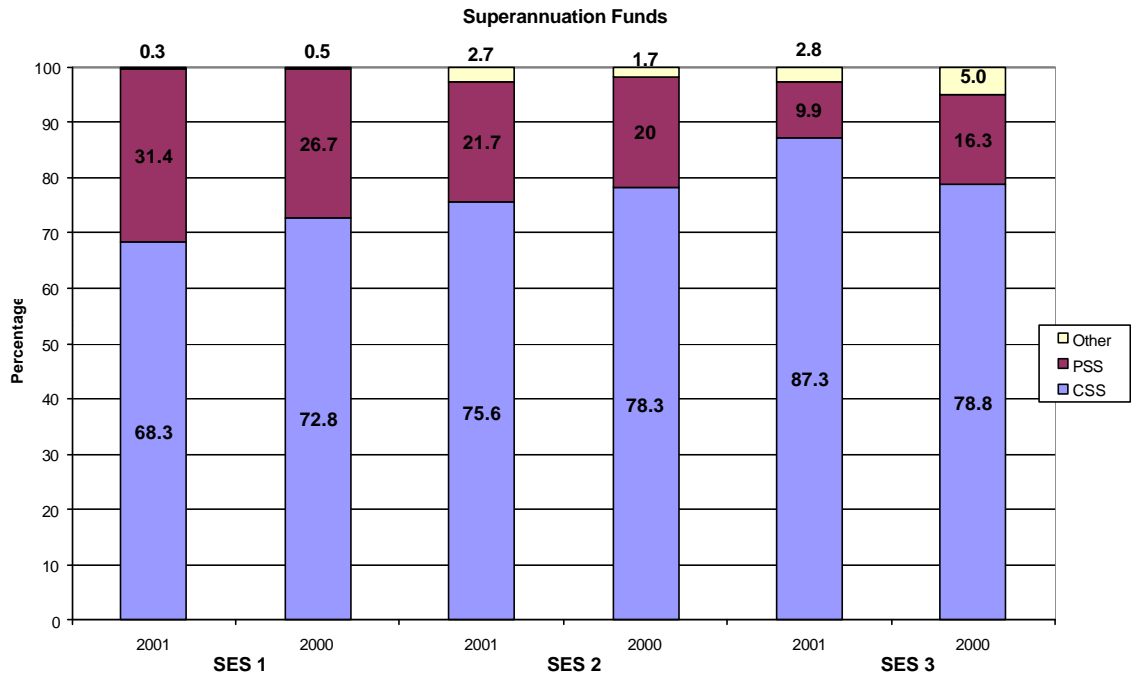
	2001	2000	1999	Movement 00-01	Movement 99-00
	Dollars			Percentage	
SES 1	18,193	17,698	16,686	2.8	6.1
SES 2	22,201	22,331	20,427	-0.6	9.3
SES 3	27,747	26,761	26,133	3.7	2.4

As illustrated in Tables 17 and 18, median and average superannuation movements between 2000 and 2001 are quite small, compared with those between 1999 and 2000.

As expected, Figure 12 shows that the majority of SES employees are members of either the PSS or CSS superannuation funds. 70.8% of SES employees surveyed are in the CSS, 28.3% in the PSS and 0.9% of SES employees are covered by a fund other than CSS or PSS. In 2000, these percentages were 74.3%, 24.8% and 1.0% respectively.

The superannuation figures presented below contain the Employer Productivity Superannuation Contribution (EPSC) component of superannuation.

Figure 12



The following Table compares the average super value between 2000 and 2001. The CSS super fund value has stayed relatively the same, however the PSS fund and Other superannuation funds show noticeable increases in the average super value.

Table 19
Average Super: 2000 vs 2001

Band	CSS		PSS		Other	
	2000	2001	2000	2001	2000	2001
Dollars						
SES 1	19,755	18,056	12,097	18,744	17,709	20,580
SES 2	24,529	21,986	14,857	22,755	8,739	26,730
SES 3	29,799	27,861	17,710	27,479	8,338	29,586

Other Entitlements

The benefits provided to SES employees are wide ranging and vary substantially by agency. However, they generally represent a small proportion of TRP, relative to the major benefits of superannuation and motor vehicles. The benefits actually received by SES officers are detailed in Table 20.

Table 20
Summary of Entitlements Received

	Agencies Providing Percentage	Emp'ees Receiving	Q1	Median Dollars	Q3	Av
Air Lounge	61.1	91.0	-	180	204	231
Professional Association	27.8	22.6	-	-	500	265
Fitness Club	13.0	13.3	-	500	600	393
Home Telephone	13.0	38.1	259	447	447	348
Mobile Telephone	40.7	8.1	105	-	200	160
Spouse Accom / Travel	24.1	28.4	-	2,000	3,864	2,350
Study Benefits	13.0	52.6	-	-	2,000	589
Other	-	35.5	-	1,000	3,510	1,934

¹ A total of 54 agencies were used for % of agencies providing benefit

4

Findings – Remuneration Policy

Communication of Executive remuneration strategy

Essential to any organisation is a well-developed executive remuneration strategy which reflects an organisation's objectives. A remuneration strategy is not developed in isolation, but flows down from the organisation's broader HR strategy and business strategy and should therefore include performance measures that:

- align with organisational strategies
- are linked to stakeholder interests
- motivate the desired behaviours

As with any strategy, communication to relevant individuals is imperative, if it is to achieve the desired results. In regards to executive remuneration strategy within the APS, the following should ideally be communicated to employees:

- the value of their total remuneration package
- the agency's remuneration strategy
- the link between reward, individual performance and business results
- required actions for success

Of the agencies surveyed, the majority (72%) stated that they have a formal executive remuneration strategy that is communicated to executives (10% more than in 2000). In addition, 67% of agencies surveyed said their formal remuneration strategy forms the basis for program design and pay decisions.

Remuneration strategy focus

Consistent with 2000, the majority of agencies, as seen in Table 21, take a balanced approach to the focus of their remuneration strategy, placing emphasis on TRP and incentive bonuses or performance pay.

Table 21
Focus of remuneration strategy

n=54	% of agencies
TRP	44
Performance Pay	22
TRP & Performance Pay	56
Retention Pay	7

Remuneration mix

The remuneration mix pertains to the mix between fixed pay, variable reward and non-financial reward. In general, the mix of financial rewards relates largely to an individual's impact on organisational performance, with the proportion of incentive pay increasing as the level of the executive increases.

Given the current competitive environment and the increasing pressure for agencies to improve performance, incentive payments in the APS are more prevalent than they used to be, and are generally linked to performance levels in the short term. Performance driven cultures see performance incentives as a means of rewarding high performing individuals.

As part of the remuneration policy focus for the agencies surveyed, we enquired about a total reward split between TRP and performance pay for the year to 31 December 2001. Table 22 shows the average results.

Table 22
Average Reward Split

n = 26-51	SES 1	SES 2	SES 3
	Percentage		
TRP	94	90	83
Performance Pay	8	12	15

* These figures reflect incidence, they do not sum to 100% vertically

As highlighted in Table 22, it appears that as the level of executive increases, so to does the proportion of performance pay relative to TRP. This suggests that incentives are perceived as an important tool to assist agencies to improve organisational capability, meet broad organisational objectives, deliver high quality policy advice, and program administration. According to the survey, 83% of agencies do not plan to make any changes to this remuneration mix in 2002.

Executive remuneration benchmarking

In determining pay decisions, organisations generally have:

- a pay policy in regards to the selection of appropriate market(s) for remuneration comparison purposes; and
- a targeted pay policy position (eg 25th percentile, median, etc).

Of those agencies who are using the benchmarking process, a general overview of where they position themselves against their relevant peer group is provided in Table 23. For example, when referencing the DEWR remuneration survey group, agencies generally position themselves at the median at SES 1, the 62nd percentile at SES 2, and the median at SES 3 (at the TRP level).

92% of agencies reported that they do not plan to make any changes in 2002 to these target percentiles.

Table 23
Remuneration benchmarking comparator groups

	SES 1		SES 2		SES 3	
	TRP	Inc	TRP	Inc	TRP	Inc
	Percentile					
DEWR remuneration survey group	50th	62nd	62nd	75th	50th	50th
Select Public Sector agencies	62nd	62nd	75th	62nd	75th	50th
Select industry peer group used specifically for remuneration	60th	60th	-	-	-	-
Broad industry peers/index	50th	50th	50th	50th	50th	50th

	SES 1		SES 2		SES 3	
	TRP	Inc	TRP	Inc	TRP	Inc
	Percentile					
General market comparator group	50th	50th	50th	50th	50th	50th
Australian organisations only	50th	50th	50th	50th	50th	50th
Use published survey data	50th	50th	50th	50th	50th	50th
Reflect non SES increases	50th	62nd	75th	82nd	82nd	82nd

The following Figures highlight the number of agencies comparing themselves against the relevant comparator group. It is evident that a large proportion of agencies see their main peer groups as the DEWR remuneration survey group and select public sector agencies.

Figure 13

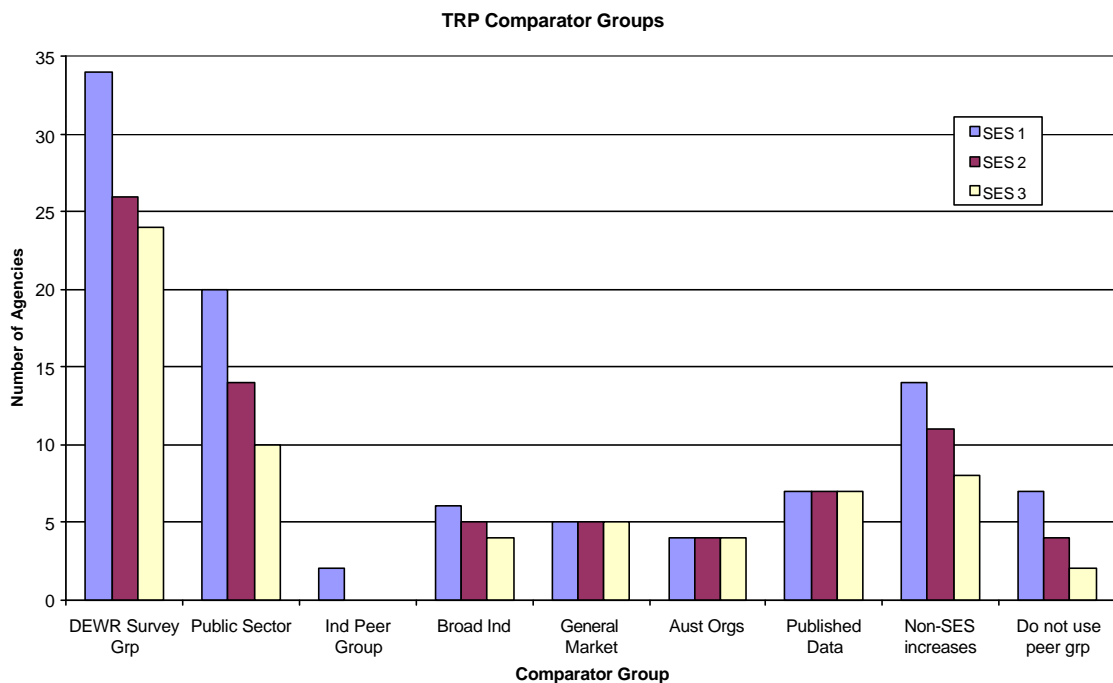
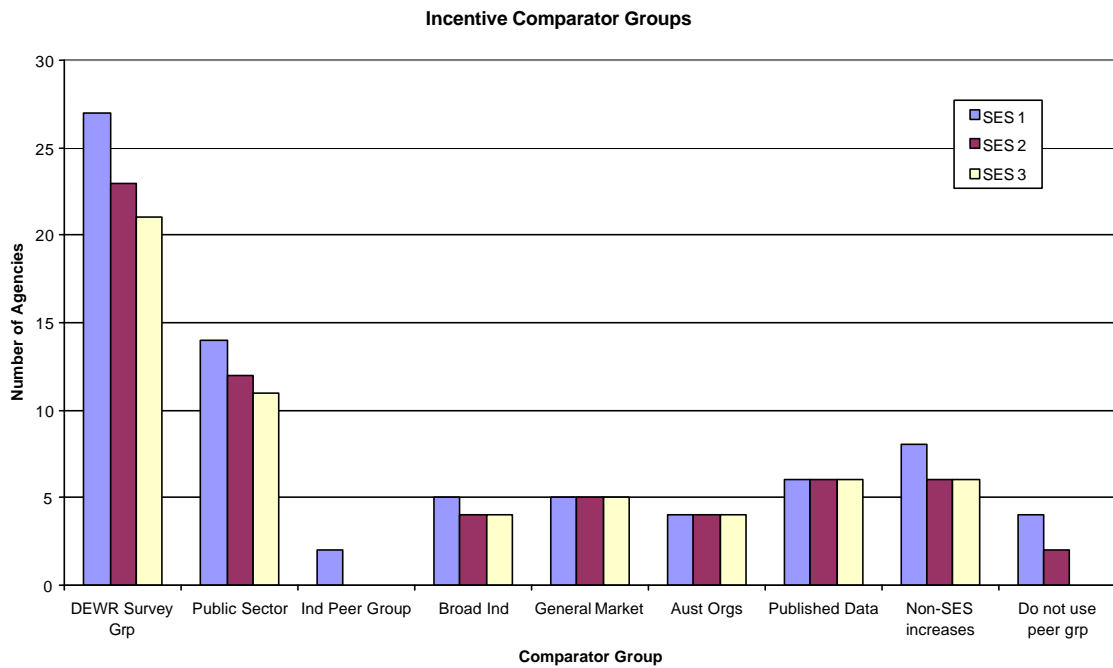


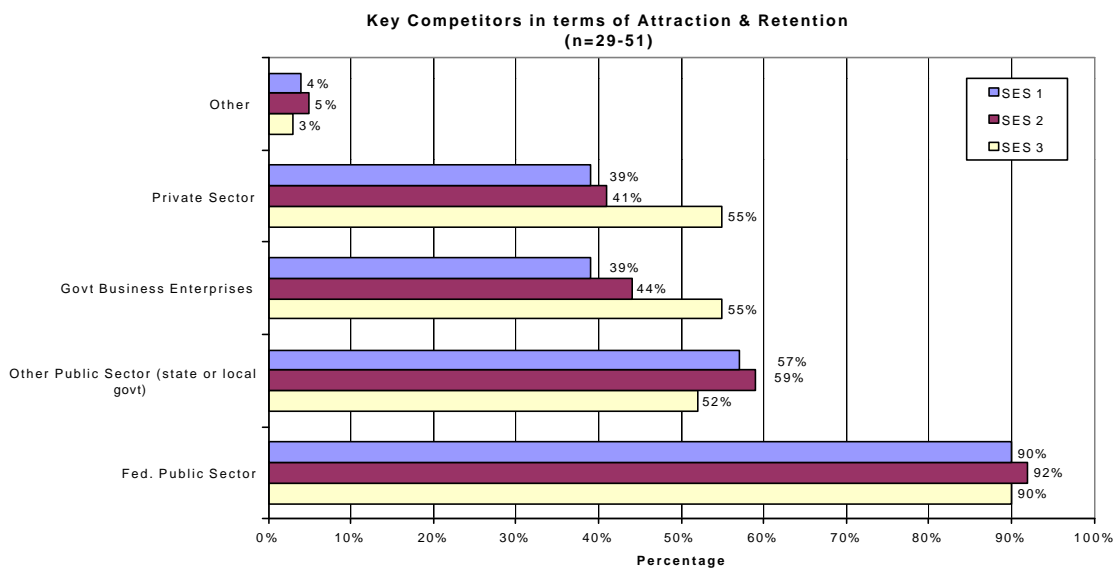
Figure 14



Attraction & Retention

In terms of attraction and retention of key SES employees, Figure 15 highlights who agencies consider to be their main competitors at each SES level. As shown, the Federal Public Sector is considered to be the main competitor in terms of attraction and retention. Of particular note, as the level of executive increases, so to does the competitive threat of the private sector and GBE's.

Figure 15



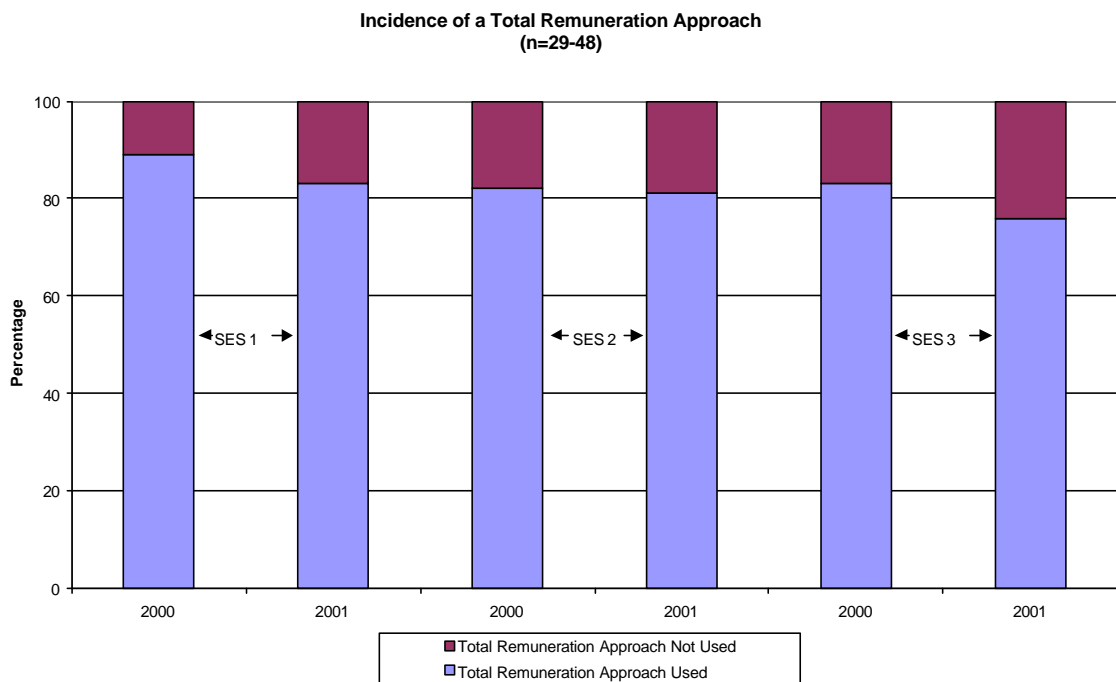
Total Remuneration Approach

A total remuneration approach exists where an agency calculates the costs associated with employing an individual over and above Base Salary. The package may be defined as Total Remuneration Package.

A total remuneration approach provides proper cost control. Calculating the total remuneration package (TRP) enables the agency and its employees to understand the full value of remuneration and make valid remuneration comparisons between jobs of similar size.

In 2001, 83% of agencies reported that they use a total remuneration approach for their SES 1 employees, 81% for their SES 2 and 76% for their SES 3 employees. As shown in Figure 16, these percentages are slightly lower than the figures reported in 2000 (-1% to -7%).

Figure 16



Package flexibility

Flexible packaging exists where employees have some say in the make-up of their remuneration packages. In most cases, this allows individual staff to salary sacrifice, ie choose the mix and value of remuneration items so long as the cost does not exceed the allocated TRP, and all tax liabilities are met. This additional feature results in a flexible remuneration package as distinct from a remuneration package with a fixed set of

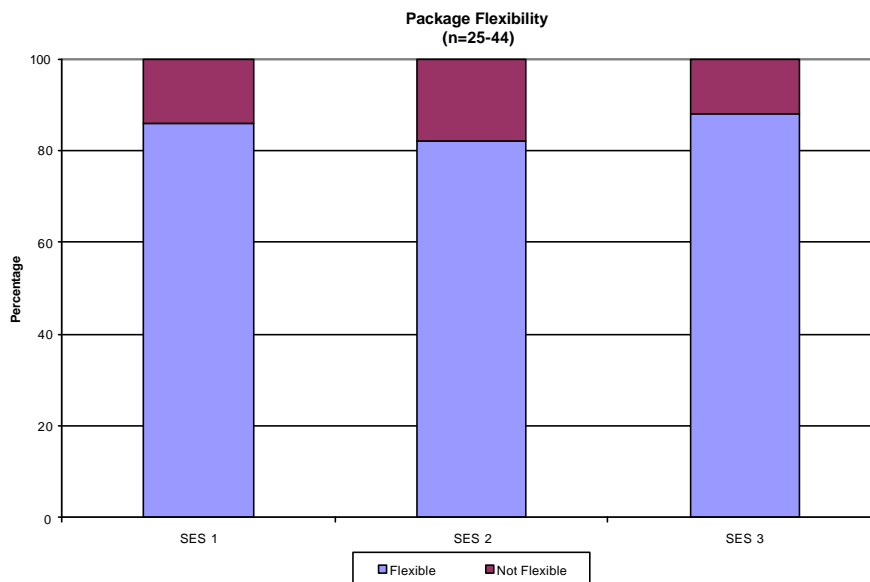
benefits. Flexible packaging can motivate employees, in addition to helping agencies attract employees without having to offer the highest level of remuneration.

Flexible packaging:

- can provide additional financial benefit to individuals at no extra cost to the employer
- provides increased lifestyle choices for individuals (eg. an employee may choose a higher value of superannuation contributions and a lower-valued packaged car)

Consistent with 2000, Figure 17 illustrates that the majority of SES employees are given flexibility to vary the composition of their total remuneration package.

Figure 17



Where package flexibility is available, 69% of respondents at SES 1 and SES 2, and 74% at SES 3, are required to take a minimum of 50% cash in their package.

Table 24 shows which benefit items employees are able to include in their remuneration packages, (regardless of whether they choose them), and whether employees need to salary sacrifice their benefits. Table 24 also looks at whether the FBT* on the benefit (if applicable) is to be paid by the employer or by the employee. Please note, you will notice in some instances that the frequency of responses for the benefit item exceeds the sample size. This indicates that some agencies treat their benefit items in several ways (eg provided by the employer and/or employee salary sacrificed).

*Non-cash benefits (and some allowances) are generally subject to fringe benefits tax (FBT), payable by the employer at a rate of 48.5%. Various benefits are treated differently for the purposes of FBT. Benefits such as health insurance, mortgage repayments and private expenses attract the full rate of FBT. Other benefits such as protective clothing and laptop computers are exempt from FBT. Special FBT valuation rules apply to benefits such as cars.

Table 24
Benefit Items

	N	Provided by employer	Emp'ee salary sacrifice	FBT paid by employer	FBT paid by emp'ee
Employer superannuation contributions (over and above PSS/CSS schemes)	10	6	4	1	3
Employee superannuation contributions (over and above PSS/CSS schemes)	29	8	27	1	9
Performance pay (incentives)	28	27	2	4	2
Motor vehicle	44	41	13	31	11
Motor vehicle options or upgrades	27	17	13	16	8
Second motor vehicle	27	4	27	1	23
Parking	19	19	1	17	1
Laptop	31	14	20	7	10
Mobile phone	33	22	13	11	5
Professional association membership	31	15	17	6	8
Club/gym subscriptions	13	7	7	4	5
Health insurance	14	2	13	1	10
Health evaluation or medical checks	3	2	1	0	0
Life insurance	7	0	7	0	5
Total and permanent disablement insurance	8	2	7	0	5
Salary continuance insurance	9	0	9	0	6
Mortgage subsidy	2	0	2	0	1

	N	Provided by employer	Emp'ee salary sacrifice	FBT paid by employer	FBT paid by emp'ee
Home, personal or investment loans	4	0	4	0	3
Financial planning	16	6	10	1	6
Payment or private telephone accounts	10	7	2	6	0
Reimbursement of non-business expenses	1	0	1	0	0
Dependants' education expenses (school fees)	6	0	6	0	5
Self-education expenses	18	7	12	2	10
Child care	14	3	13	0	8
Private travel (including spouse or family travel)	3	0	3	0	2
Spouse travel (accompanying employee on business)	17	13	3	8	1
Internet connection at home	21	19	2	13	1
Rental assistance	8	6	3	3	1
Airline club membership	35	33	3	19	2
Home office	19	12	7	6	5
Holiday packages	0	0	0	0	0

As shown in the above Table, motor vehicles continue to be the most popular benefit available for SES employees to package. The trend for agencies to shift at least some of the burden of FBT costs into the employee's remuneration package has also continued in 2001.

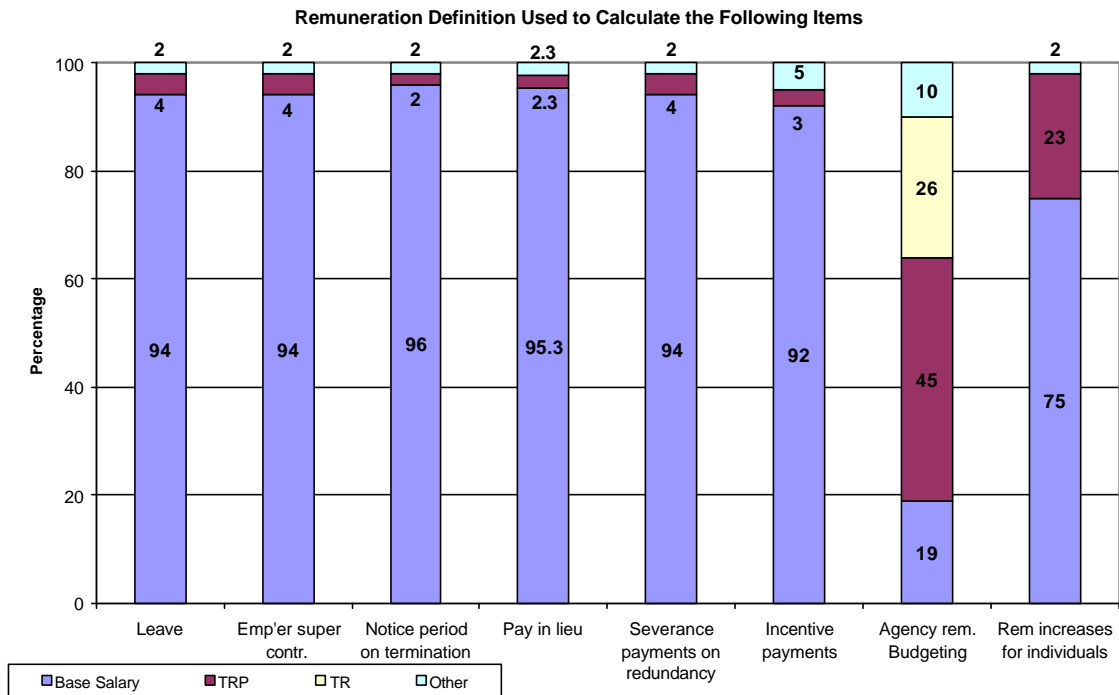
Definition of remuneration

The different definitions of remuneration used by agencies to calculate a range of remuneration items are shown in the Figure 18. The definitions used are described below:

- **Base Salary only** - excluding the value of benefits.

- **Total Remuneration Package (TRP)** – includes the value of all benefit items plus the cost of FBT if applicable. TRP does not include incentive or performance bonuses.
- **Total Reward (TR)** – includes TRP plus bonus/incentive payments
- **Other** – eg. notional salary figure (eg an estimate of the value of all benefits).

Figure 18



As is shown in the above Figure, the most common definition for all agencies is Base Salary. However, when agencies budget for remuneration, 45% use TRP as a basis for calculation, and 26% use TR. Of interest, is the fact that 75% of agencies use Base Salary when calculating individual remuneration increases, and 23% use TRP.

Remuneration budgets

The survey asked participants to report the average increases in TRP passed on to SES employees at their 2001 remuneration review. Increases in TRP passed on to SES employees in 2001 are shown in Table 25, with median increases at all levels being 4.0%. This compares with a 4.7% increase in 2001 for senior executives in the general market.

Table 25
Reported TRP Increases

Band	Q1	Median	Q3	Average
Percentage				
SES 1	3.0	4.0	4.7	4.3
SES 2	3.4	4.0	5.8	5.0
SES 3	3.4	4.0	5.7	4.8

The average increases in TRP for 2001 shown above, are above the average budgeted remuneration increases reported in the 2000 survey (3.8% at SES 1, and 3.5% at SES 2 & SES 3).

It is interesting to note however, that the levels of increase reported in Table 25 seem on face value to be somewhat inconsistent with actual data collected. There could be a number of contributing factors. Table 25 may well demonstrate some skewing related to exclusion of nil increases; the impact of turnover in a sample-on-sample analysis; the impact of structural changes on executive demographic in some agencies; and, more than likely, a more disciplined use of full remuneration ranges for new starts in an increasingly sophisticated APS.

The 2001 survey asked participants to indicate the average remuneration increases that have been budgeted through to 2004. These are shown in Table 26.

Table 26
Average & Median budgeted SES remuneration increases

Year	SES 1		SES 2		SES 3	
	Average	Median	Average	Median	Average	Median
Percentage						
2002	3.4	4.0	3.2	4.0	2.6	3.5
2003	3.1	4.0	3.0	3.5	3.0	3.5
2004	2.6	3.5	2.5	3.3	2.4	3.3

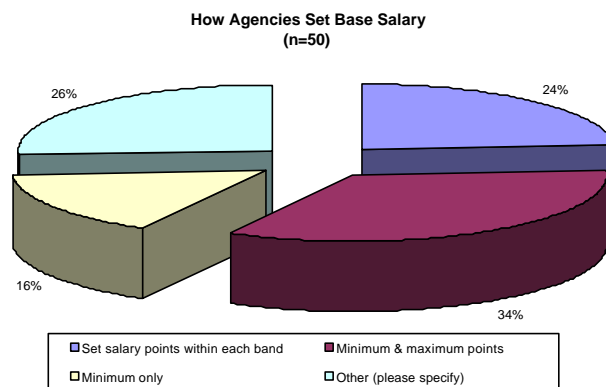
The above table shows that:

- 2.4% - 3.4% is the average projected remuneration increase over each of the next three years for all SES levels
- 3.3% - 4.0% is the median projected remuneration increase over each of the next three years for all SES levels
- the differences between the average and median forecast increases can be explained by low or no forecasted increases provided by a number of agencies (pulling down the average)
- the forecasted percentage increases are expected to decrease between 2002 and 2004.

Salary Points

Figure 19 looks at how agencies set Base Salary, with minimum and maximum points being the most popular. Of the 21 agencies using set salary points, 43% reported that individuals advance to the next pay point, in addition to receiving a salary increase.

Figure 19



Timing of remuneration reviews

According to the survey, 64% of agencies have an annual remuneration review process for SES employees. Table 27, shows the timing of remuneration reviews for agencies who conduct them.

Table 27
Timing of remuneration reviews

	SES 1 n=36	SES 2 n=31	SES 3 n=21
	Percentage of Agencies		
Yearly, at the same time for all or most employees	69	70	64
Yearly, on employee's anniversary of commencement or birthday	0	0	0
Half-yearly	14	13	20
Every 18–24 months	3	0	0
Irregularly	3	3	4
Other	11	13	12

Consistent with 2000, the majority of agencies in the sample undertake remuneration reviews annually in the same period for all employees.

Other points in regards to remuneration reviews:

- almost all agencies (96%) in the survey group have a formal process in place for individual remuneration reviews for SES employees
- an average of 83% of agencies have a grievance procedure in place for employees who are dissatisfied with the outcome of their remuneration review. This figure includes both formal and informal processes (36% and 47% respectively).

Executive performance management and TRP

In recent years, agencies have been putting an increased emphasis on the development and implementation of performance management systems, with agency heads having the flexibility to develop performance management systems that meet the particular needs of their organisations and employees. Their development has been described as “evolutionary”, reflecting the dynamic operating environment and mature systems existing in many agencies.

This section details how agencies are assessing performance and what performance indicators influence the review of TRP.

94% of agencies reported that they use a formal goal setting and performance appraisal process for their executives.

As shown in Table 28, when assessing performance achievement, the majority of agencies surveyed used key performance indicators (KPIs) to assess their organisational results and executive performance, with relatively equal weighting given to the use of the balanced scorecard, financial measures and other performance measures.

Table 28
Methods for performance assessment

	SES 1 n=49	SES 2 n=35	SES 3 n=24
Percentage of Agencies			
Balanced Scorecard	20	19	18
KPI	83	78	82
Financial Measures	23	19	18
Other	23	22	27

SES starting salaries

Table 29 shows how APS agencies determine starting salaries for SES employees.

Table 29
Determining SES starting salaries

	SES 1 n=50	SES 2 n=39	SES 3 n=30
Percentage of Agencies			
At the discretion of the Secretary	78	74	73
Using market data from remuneration surveys	26	23	27
In line with others in the agency in the same SES band	40	44	33
Job evaluation	22	23	23
At the minimum of the SES band	24	28	37
Other	10	13	23

Agency vehicles

Table 30 shows how APS agencies determine motor vehicle costs for SES employees.

Table 30
Determining motor vehicle costs

	SES 1 n=49	SES 2 n=37	SES 3 n=29
Percentage of Agencies			
Using a formula or estimated value (e.g. Mercer car formula)	25	32	35
Using the actual annual costs of the vehicle (lease cost) excluding running, maintenance and other associated costs	4	3	3
Using the actual annual cost of the vehicle (lease cost) including running, maintenance and other associated costs	57	57	48
Vehicle costs are not costed to remuneration	6	3	7
Other ¹	8	5	7

¹ Other includes: Combination of total cost and industry data

Continuing the trend from 2000, the most popular method for determining motor vehicle costs is by using the actual annual cost of the vehicle including running, maintenance and other associated costs, followed by the Mercer car formula.

Non-Monetary Benefits

The use of non-monetary benefits has increased recently in the market, and is more sophisticated than ever before. Non-monetary rewards offer organisations a high return for minimal investment. Non-monetary benefits are generally used to reward behaviours that are aligned with business objectives/outcomes or to meet broader organisation objectives, in order to provide a more holistic rewards package. Indeed, successful organisations today recognise the need to provide a positive work context and growth opportunities, as critical reward elements for retaining key talent.

Figure 20 demonstrates that over half of the agencies in the survey group offer non-monetary benefits to SES employees. Table 31 details the non-monetary benefits available to employees.

Figure 20

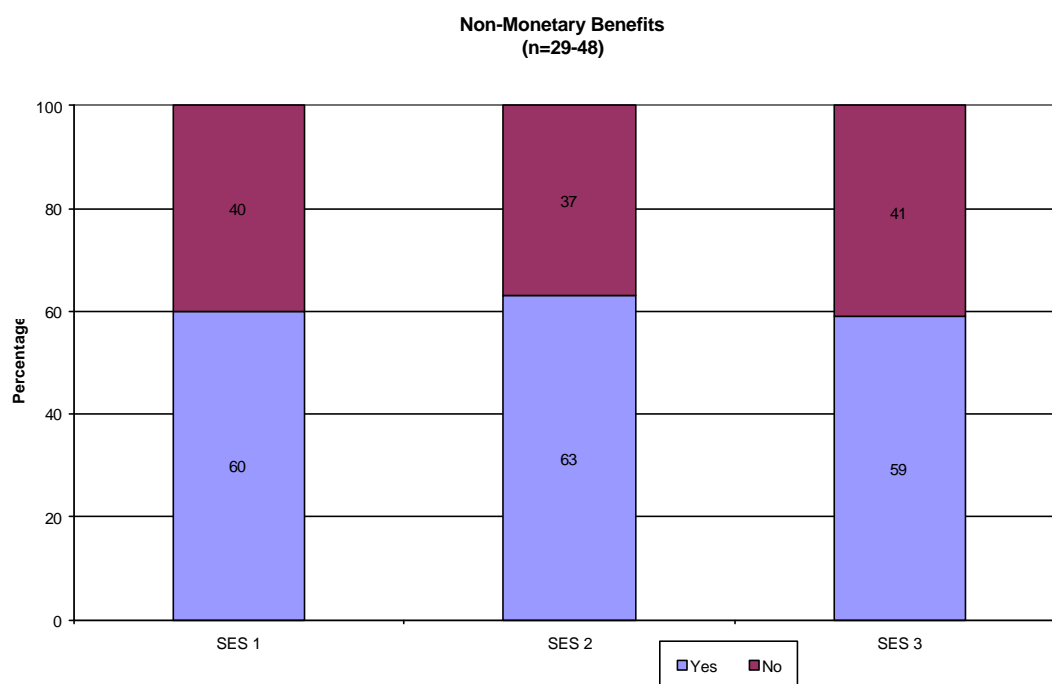


Table 31
Non-Monetary Benefits Available to Employees

Non-Monetary Benefit	SES 1	SES 2	SES 3
	n=32	n=27	n=19
Percentage of Agencies			
Purchased Leave	81	78	68
Additional Leave	19	19	21
Study tours/sabbaticals	28	22	26
International travel	25	19	21
International exchange	19	19	26
Other	16	15	16

As shown in Table 31, purchased leave is clearly the most popular non-monetary benefit available, with study tours/sabbaticals and international travel also proving to be a common type of non-monetary benefit.

Variable Reward

A key part of developing a remuneration strategy involves deciding the balance between fixed remuneration (TRP) and variable reward. Whilst fixed pay remains the predominant component of executive packages in the APS, incentive plans or other forms of variable reward are playing an increasingly important role in total reward for public sector employees.

Variable reward ties individual remuneration to organisation goals by making payment of the reward contingent upon the success of the individual, group or organisation. The following section highlights the range of factors and issues currently impacting on the structure, implementation and payment levels of variable reward.

The survey looks at the following items in regards to variable pay:

- eligibility
- incidence
- entry qualifications
- performance measures
- performance mix
- payment vehicle
- payment frequency
- plan funding

We will also look at retention payments as well as incentive performance pay, in more detail.

Retention Payments

Retention payments are made to some SES staff as a means of retaining that employee for the duration of a project or for a particular period of time. In addition, they tend to be used to compete with market remuneration levels, particularly for employees with specialised skills, strong leadership capabilities, and those possessing significant intellectual capital. They are different to performance pay or incentive plans which reward employees for achieving specific performance objectives.

The majority of SES employees were not eligible to participate in retention payment plans in 2001, with only 32 individuals (2%) receiving a retention bonus. The following Table shows the proportion of agencies that offer retention payments.

Table 32
Retention Bonus Eligibility in Agencies

Band	Yes	No
	Percentage	
SES 1 (n=52)	15	85
SES 2 (n=38)	21	79
SES 3 (n=29)	24	76

Table 33 looks at what criteria determine the offer of a retention bonus. As is evident, individuals with specialist skills, and those perceived as being critical to a project are the most likely criteria for the offer of a retention bonus.

Table 33
Retention Bonus Criteria

	SES 1 n=8	SES 2 n=8	SES 3 n=7
	Percentage of Agencies		
Critical to a project	75	75	86
Specialist Skills Required	100	100	86
Retain Staff (eg pending corporatisation, sale or relocation)	50	50	71

Given the above, Table 34 looks at when retention payments are made to SES employees.

Table 34
When Retention Payments are Made

	SES 1 n=8	SES 2 n=8	SES 3 n=7
	Percentage of Agencies		
On completion of a milestone (eg project)	38	38	43
At a point in time (eg 6 months continuous employment)	63	63	57

In regards to capping retention payments, 65% of survey respondents (n=8), reported that they do not place a cap on the amount of retention payments made to SES employees. Of those that do, the cap ranges from \$10,000 to \$15,000, or 30% of salary.

Where a retention payment was made, the most common forms of payment were:

- a cash lump sum; or
- an increase in Base Salary.

The reward pool to fund the retention payment plan includes:

- a set amount of money allocated in the budget
- money reallocated from other budgets

Incentive Payments

Performance pay or incentive plans reward employees for the extent to which they achieve specific performance outcomes. Performance targets can be financial, such as revenue or non-financial, such as customer satisfaction levels. Examples of performance pay plans in the general market include the incentive matrix, performance scorecard and balanced scorecard.

A well developed incentive plan becomes even more pertinent for agency success, given that the APS:

- aims to deliver effective and high quality outcomes in a changing work environment
- has higher expectations for service delivery

- desires to attract and retain high performing individuals
- is increasingly focused on aligning performance with business objectives
- has increased accountability at the agency level (based on the reduction in central regulation);

Eligibility & Incidence

Consistent with 2000, the majority (85%) of agencies surveyed have an incentive bonus plan in place for their SES employees. Collectively, these agencies employ 71% of APS SES employees. Of those employees who were eligible, 71% received an incentive payment, compared with 80% in 2000 (see Figures 21 & 22).

Performance measures

APS agencies use a variety of measures to assess the performance of SES employees. Performance measures are typically related to the specific circumstances of the agency and its employees, and are typically geared to meet the cultural and business needs of individual agencies. As such, they can be as varied as the survey group. Table 35 lists the most commonly used performance measures for APS SES employees.

Table 35
Commonly used performance measures

	SES 1 n=43	SES 2 n=33	SES 3 n=26
Percentage of Agencies			
Revenue	17	3	4
Customer satisfaction	58	55	50
Service levels	58	55	46
Productivity	77	73	73
Absenteeism	5	3	4
Work in progress	54	49	54
Employee training and development	30	30	31
Key business indicators	86	88	89
Leadership	86	85	85
Occupational health and safety measures	9	9	12
Other ¹	16	18	27

¹ Other includes: Learning & Development Plan

Based on Table 35, productivity, key business indicators, and leadership are the most commonly reported performance measures. In particular, having leadership as a key performance measure in the APS, reflects the need within the APS to embed a leadership culture of responsiveness, high performance and results orientation. This will ensure a pool of potential leaders from which tomorrow's executives can be selected.

On average, 89% of APS agencies place a cap on the maximum incentive bonus payout. For all SES employees, the cap was up to 25% of Base Salary.

Performance mix

The relative influence of corporate, business unit and individual performance on incentive payouts is shown in Table 36 below.

Table 36
Relative influence of performance on incentive payments (median)

	Influence of performance (%)		
	SES 1	SES 2	SES 3
Agency	25	40	50
Unit/Group	35	34	33
Individual	73	75	100
Other	65	-	-

Table 36 shows that performance plans in the APS are heavily weighted towards the achievement of individual goals, for all SES levels. Consistent with market practice, the agency weighting in performance plans increases with the level of the executive.

Payment vehicle

Consistent with the trend in 2000, Table 37 shows that in over 97% of cases, part or total incentive payments are made in the form of cash, while an increase in Base Salary forms part of the payment in between 14% and 20% of cases (compared with 21% and 33% in 2000).

Table 37
Payment vehicle

	SES 1 n=43	SES 2 n=33	SES 3 n=25
Percentage of Agencies			
Cash	98	97	100
Increase in Base Salary	14	15	20
Superannuation top-up	5	6	8

Frequency

The frequency of incentive payments is outlined below.

Table 38
Frequency of incentive payments

	SES 1 n=43	SES 2 n=33	SES 3 n=25
Percentage of Agencies			
Annually	88	85	76
Quarterly	2	3	4
Irregularly			4
Other ¹	9	12	16

¹ Other includes: twice-yearly

Funding the incentive plan

To fund an incentive plan a reward pool is usually created. The table below shows that the predominant way for agencies to fund performance pay plans is to allocate a set amount of money in the budget.

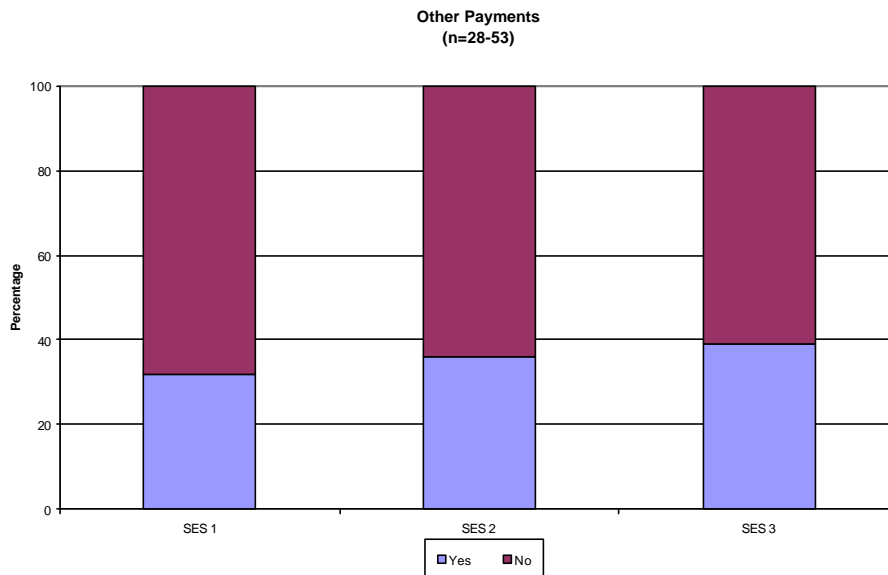
Table 39
Funding the incentive plan

	SES 1 n=43	SES 2 n=32	SES 3 n=24
	Percentage of Agencies		
Set amount allocated to budget	79	81	75
Reallocation from other budgets	9	9	13
Determined by the level of financial gain/control achieved during the plan period	2		
Other ¹	9	9	13

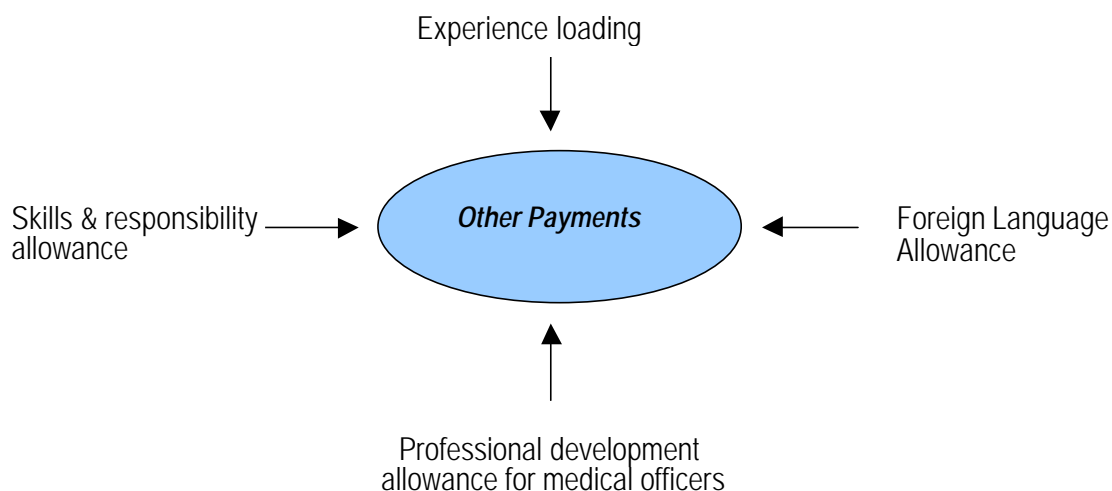
Other Payments

Figure 21 looks at additional payments (in addition to Base Salary and incentive payments) that agencies provide in recognition of particular attributes, skills, expertise or experience.

Figure 21



The following diagram, shows the type of “other payments” available. Where these “other payments” are available, the majority of respondents said that they are generally ongoing in nature, with around 59% of these payments being included as salary for superannuation purposes.



Australian Workplace Agreements (AWAs)

The following Tables show the proportion of SES AWAs that expired and were renegotiated during 2001, and the proportion due to expire in the following years.

Table 40

Proportion of SES AWAs that expired and were renegotiated during 2001

SES Band	% AWAs expired/renegotiated
SES 1	29
SES 2	31
SES 3	26

Table 41

AWAs due to expire

Year	% AWAs due to expire
2002	58
2003	58
2004	35

5

Remuneration Survey Results

Data is shown in two forms:

- analysed by individual
- analysed by agency.

The two analyses provide different views of the market. Understanding the method of calculation used in each profile will assist in deciding which one is more relevant to use.

The number of individuals or agencies on which the profile is based (sample size) is shown in the top left-hand corner of each table. In the **analysis by agency**, the sample size is the number of agencies inputting data for that Band. In the table **analysed by individual**, the sample size is the number of individuals on which the data is based.

Therefore, if one agency provides data on 3 individuals for a Band, in the analysis by agency table that input is averaged, and counted as 1, while in the analysed by individual table, that input is counted as 3 separate pieces of data.

It is recommended that the **analysis by individual** profile generally be used in preference to the **analysis by agency** data. In doing so, it is assumed the market is made up of a set of individuals rather than a group of agencies. To understand the difference, it is useful to look at an example of how the two analyses are calculated:

Agency	Incumbent	Base Salary	Agency average
A	1	22,000	25,100
	2	24,300	
	3	29,000	
B	1	19,000	20,250
	2	21,500	
C	1	24,000	24,000
D	1	23,000	25,000
	2	26,000	
	3	26,000	

Analysis by agency

Sample size: 4	Q1	Median	Q3	Average
	22,000	24,000	26,000	23,867

Analysis by individual

Sample size: 9	Q1	Median	Q3	Average
	23,063	24,500	25,025	23,588

The averaging process used in the **analysis by agency** table will tend to limit the variance within the data. The **analysis by individual** table will often show a greater spread of data, because it is based on each individual piece of data.

However, there may be instances where discretion is needed. In some instances, for example, the market rate analysed by individual may be heavily weighted to only a few agencies. This can even result in Q1, Median and Q3 rates being the same.

Depending on the survey group and the Band, this information can be helpful in highlighting a particular agency with a large group of employees in that Band. If there are concerns about such data, contact should be made with one of our consultants for help in analysing these trends.

Contacts: Georgina Harley (02) 8272 6465

Jenny Butcher (02) 8272 6341

Analysed by Individual

SES Band 1	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of individuals: 1,154				Dollars		%	Count
Base Salary	95670	99178	102000	99365	73.9	71.7	1154
Superannuation	14420	19144	21282	18193	13.5	13.1	1072
Motor Vehicles	16202	18000	21230	17221	12.8	12.4	1107
Travel	0	0	0	0	0.0	0.0	228
Other Fixed Benefits	0	447	3570	2100	1.6	1.5	969
Total Remuneration Package	127036	135541	142828	134548	100.0	97.1	1154
Actual Incentive	0	4725	7142	4755	3.5	3.4	989
Total Reward	130219	138888	147864	138623		100.0	1154

SES Band 2	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of individuals: 343				Dollars		%	Count
Base Salary	117500	121737	128684	122551	74.6	72.1	343
Superannuation	19213	23989	25842	22201	13.5	13.1	333
Motor Vehicles	16504	17398	21371	18014	11.0	10.6	339
Travel	0	0	0	0	0.0	0.0	83
Other Fixed Benefits	0	1454	5723	2638	1.6	1.6	298
Total Remuneration Package	155289	166041	173011	164201	100.0	96.5	343
Actual Incentive	0	8147	9969	7258	4.4	4.3	278
Total Reward	159989	169983	179820	170084		100.0	343

SES Band 3	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of individuals: 88	Dollars				%		Count
Base Salary	143573	153286	158918	153416	75.9	73.1	84
Superannuation	26480	30297	30800	27747	13.7	13.2	82
Motor Vehicles	17119	20500	21581	19017	9.4	9.1	84
Travel	0	0	0	0	0.0	0.0	24
Other Fixed Benefits	0	3000	6250	3018	1.5	1.4	72
Total Remuneration Package	190193	202884	213185	202106	100.0	96.3	84
Actual Incentive	0	8828	14333	9060	4.5	4.3	71
Total Reward	196138	207623	225367	209764		100.0	84

Analysed by Agency

SES Band 1	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of agencies: 61	Dollars				%		Count
Base Salary	96230	99108	101908	100562	74.8	73.0	61
Superannuation	15816	17624	19236	17192	12.8	12.5	58
Motor Vehicles	15452	17879	19167	16924	12.6	12.3	58
Travel	0	0	0	0	0.0	0.0	12
Other Fixed Benefits	36	1590	3753	2313	1.7	1.7	52
Total Remuneration Package	127686	135468	138591	134484	100.0	97.6	61
Actual Incentive	500	4894	6373	4243	3.2	3.1	51
Total Reward	130613	137325	143266	137840		100.0	61

SES Band 2	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of agencies: 43	Dollars				%		Count
Base Salary	117208	121068	125000	121413	75.3	72.9	43
Superannuation	19819	22665	23953	22037	13.7	13.2	41
Motor Vehicles	15877	18338	20004	17591	10.9	10.6	42
Travel	0	0	0	0	0.0	0.0	7
Other Fixed Benefits	0	1207	3832	2230	1.4	1.3	38
Total Remuneration Package	155892	160983	167214	161251	100.0	96.8	43
Actual Incentive	489	6869	10605	6678	4.1	4.0	36
Total Reward	159771	166492	175565	166554		100.0	43

SES Band 3	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of agencies: 31	Dollars				%		Count
Base Salary	145000	152500	160812	155353	76.3	73.6	31
Superannuation	26821	29263	30848	27723	13.6	13.1	30
Motor Vehicles	17000	20000	21934	19259	9.5	9.1	31
Travel	0	0	0	0	0.0	0.0	4
Other Fixed Benefits	0	2276	3540	2653	1.3	1.3	25
Total Remuneration Package	190817	201389	211850	203580	100.0	96.5	31
Actual Incentive	1313	7589	14832	8886	4.4	4.2	26
Total Reward	195571	208501	225448	211032		100.0	31

Analysis of data by various parameters

These tables present summary remuneration information (showing Base Salary and Total Remuneration Package) for each survey agency, analysed by parameters that identify particular segments of the survey group. These parameters include:

- Budget/turnover – the annual budget or turnover of the agency
- Total number of employees – the number of FTE staff employed by the agency

- Specialisation – the area or job family to which the SES officer is best described to belong to.

These analyses are useful for:

- identifying trends and differences in the data
- isolating particular types of agencies which may impact on the data
- determining whether remuneration practices are consistent with similar agencies

As is shown in the following Tables, there does not appear to be a correlation between the size of an agency (annual budget/turnover and number of employees), and associated remuneration levels.

Annual Budget/Turnover

SES Band 1	Base Salary				Total Remuneration Package				No Rec
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Budget/Turnover	Dollars								
Less than \$40m	96260	98891	101863	103852	124716	135375	138617	136391	20
\$40m to less than \$100m	97169	99200	106175	100526	130999	135468	142633	136708	11
\$100m to less than \$250m	93343	99022	103137	98043	120636	135141	137102	129940	14
\$250m to less than \$500m	94706	96584	102756	98015	131329	136827	139861	136006	4
\$500m or more	97680	99625	100712	98965	133461	136602	138470	135563	9

SES Band 2	Base Salary				Total Remuneration Package				No. Recv.
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Budget/Turnover	Dollars								
Less than \$40m	114076	120382	122507	118713	150125	157506	161931	155057	10
\$40m to less than \$100m	120506	124101	133483	126151	156139	163392	177507	166299	6
\$100m to less than \$250m	115333	119586	123050	119820	151021	159736	172937	160751	11
\$250m to less than \$500m	114648	117590	129709	120649	158648	161503	172900	164350	4
\$500m or more	120981	123833	125227	122440	161997	166965	167983	164620	9

SES Band 3	Base Salary				Total Remuneration Package				No Rec
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Budget/Turnover	Dollars								
Less than \$40m	142746	153727	190042	163860	183210	207655	232563	207840	5
\$40m to less than \$100m	147212	168458	189453	168358	191301	212195	252542	219976	5
\$100m to less than \$250m	142500	145183	161656	150699	189717	192657	215702	200699	5
\$250m to less than \$500m	141633	148535	160305	150158	193924	197811	210839	200858	4
\$500m or more	147551	152500	154626	150723	191733	202501	207303	200342	9

Number of Employees

SES Band 1	Base Salary				Total Remuneration Package				No. Recv
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
No. of employees	Dollars								
Less than 100	97158	101693	106784	109851	133562	138578	146407	143775	11
100 to 500	96260	98478	101284	99038	128812	134884	138342	132937	20
500 to 1000	93181	96920	99866	96433	122111	130273	135841	128164	12
1000 to 5000	96612	100612	101537	99445	134227	136609	138576	135717	14
Greater than 5000	99625	101070	.	101070	126928	131765	.	131765	2

SES Band 2	Base Salary				Total Remuneration Package				No. Recv
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
No. of employees	Dollars								
Less than 100	116712	122500	124038	120800	144697	160174	167207	156796	5
100 to 500	116660	120784	125110	121812	155443	157506	168127	161148	10
500 to 1000	114282	118747	121564	118255	150440	159844	163488	157981	10
1000 to 5000	116925	122649	126921	122659	158986	166050	173780	165188	14
Greater than 5000	124720	128283	.	128283	156476	162094	.	162094	2

SES Band 3	Base Salary				Total Remuneration Package				No. Recv
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
No. of employees	Dollars								
Less than 100	134100	151391	.	170072	159672	206748	.	206838	3
100 to 500	143987	154691	188559	162312	188150	203445	250825	214556	6
500 to 1000	142500	153727	164635	153599	187637	207655	215874	202935	5
1000 to 5000	145478	152500	156899	151503	194027	202501	209846	202045	13
Greater than 5000	150101	155961	.	155961	186939	193456	.	193456	2

Specialisation

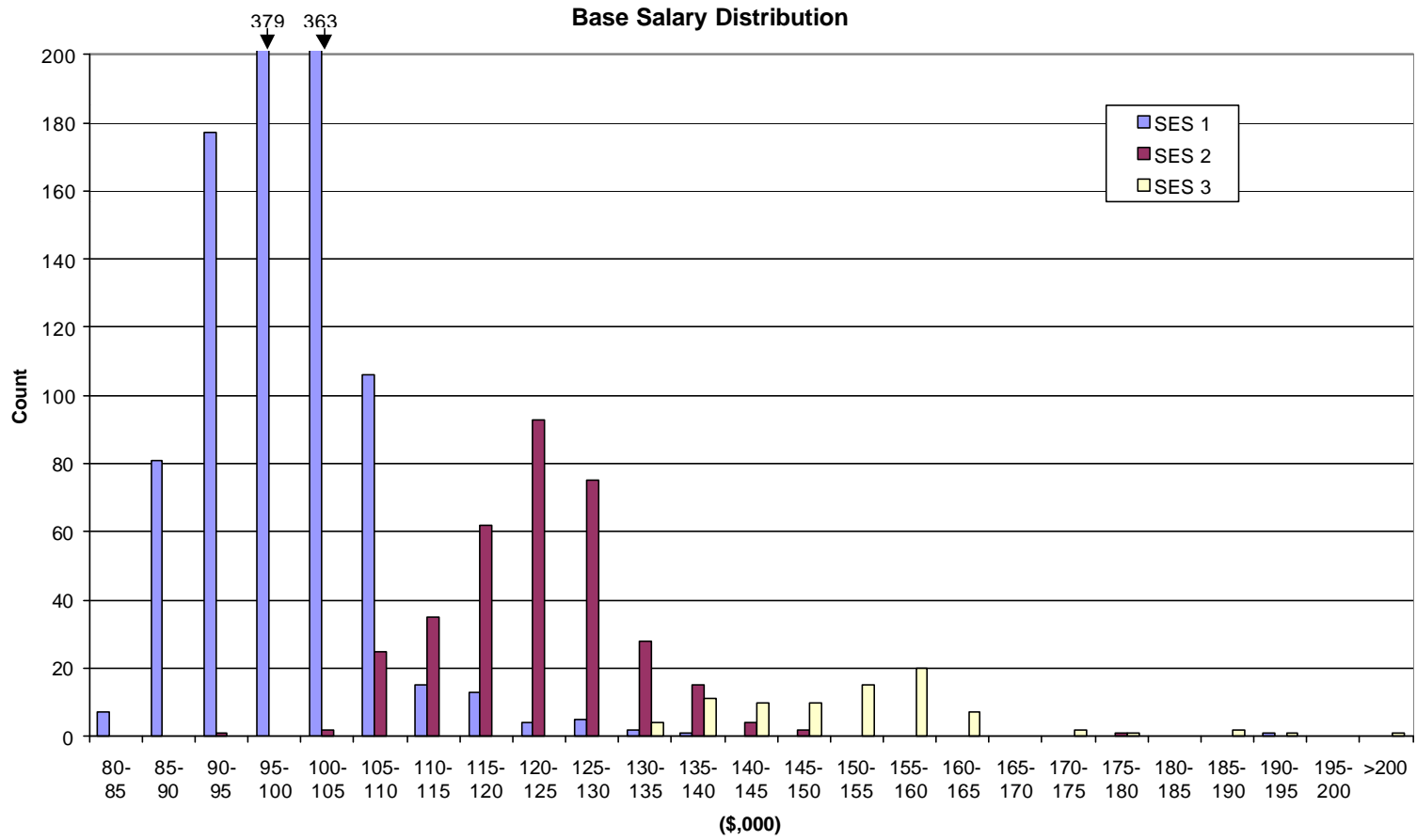
SES Band 1	Base Salary				Total Remuneration Package				No. Recv
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Specialisation	Dollars								
Audit	99169	101615	103140	100958	134590	137966	142949	136382	19
Communications	93778	103834	104468	103571	130579	132758	143770	137413	7
Corporate Services	97020	99659	105868	101731	130342	139105	146219	137574	23
Finance	94808	97812	105187	105636	125831	138203	143319	141797	14
Human Resources	91806	95000	102000	95888	123791	132168	138500	130686	7
Information Technology	94478	99312	104681	99807	126778	139183	144616	138148	20
Legal	95087	97020	99163	97252	117831	129968	135384	124581	29
Management (Generalist)	94300	98325	102200	98501	128746	135897	142310	134613	305
Operational Management	97008	99588	103200	100526	125624	132353	142993	134667	142
Policy Development	93399	97020	99169	96988	125656	131770	138888	131856	211

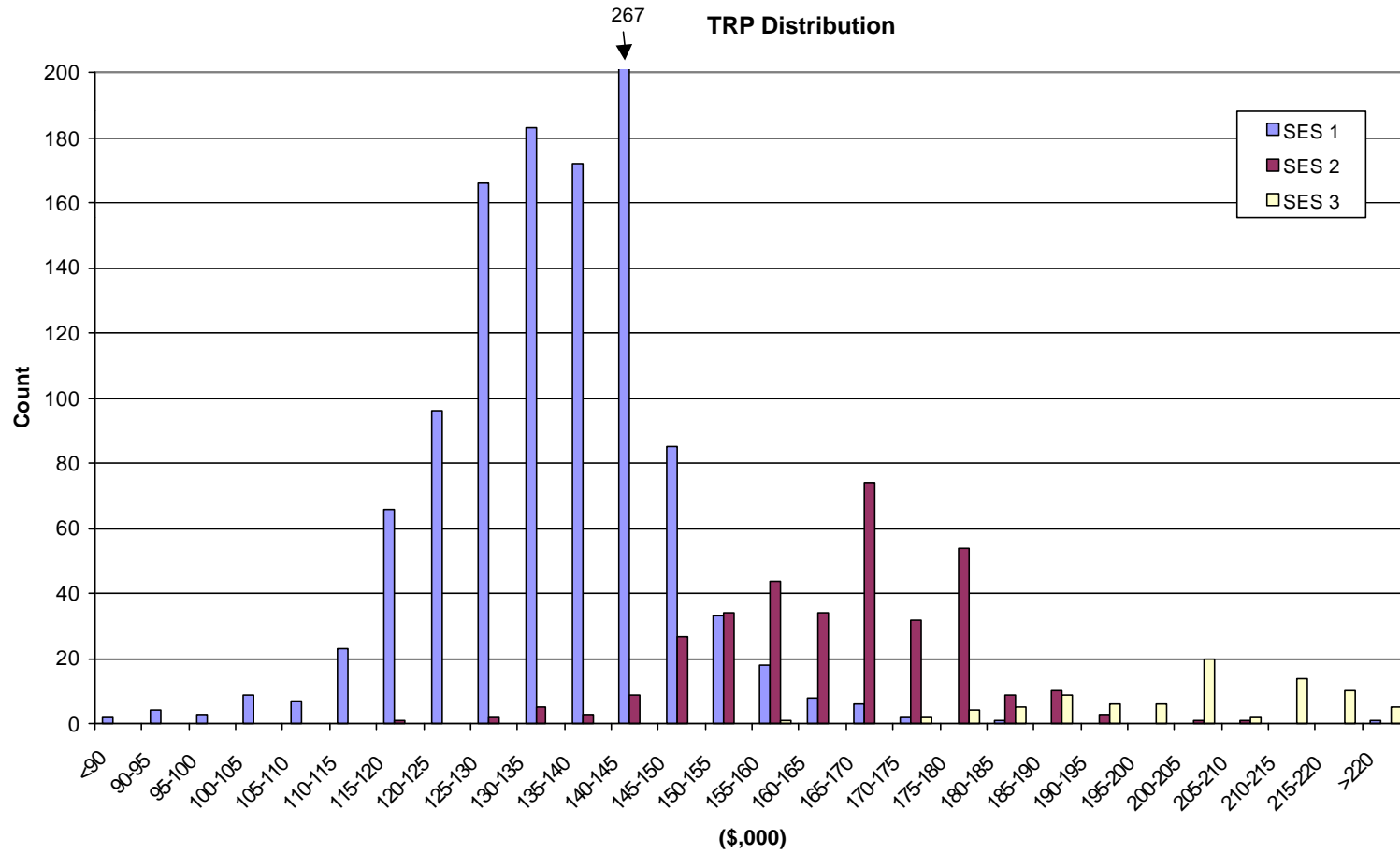
SES Band 2	Base Salary				Total Remuneration Package				No. Recv
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Specialisation	Dollars								
Corporate Services	116801	123454	129384	123415	162575	166463	176431	168281	12
Legal	111129	111129	125558	117040	145270	157570	166396	154998	21
Management (Generalist)	117500	121500	128893	122831	154096	163023	173011	164139	107
Operational Management	106879	114125	119463	113826	139907	149551	160803	150704	8
Policy Development	115114	119625	122661	119336	153186	158758	165611	159503	58

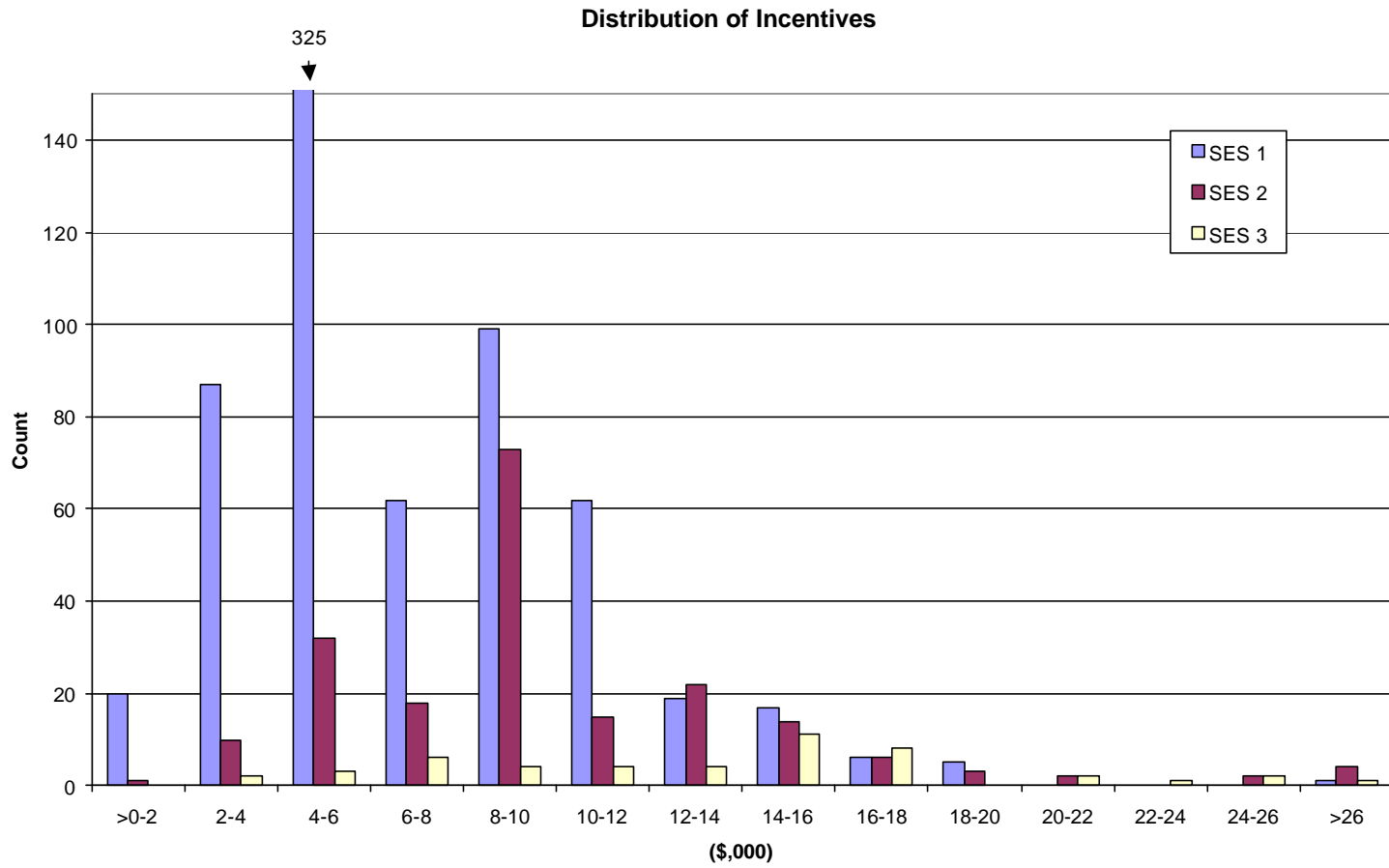
SES Band 3 Specialisation	Base Salary				Total Remuneration Package				No. Recv
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Dollars									
Management (Generalist)	148681	151600	156938	152118	192657	202731	210378	199165	27
Operational Management	140000	140200	178531	152910	187492	190817	239957	206089	4
Policy Development	138903	144680	159201	147957	188599	196084	204087	198365	17



Distribution Charts







7

Reference Material

Confidentiality

Mercer is aware of the confidential nature of the information provided and stress that we appreciate and protect this.

Under no circumstances, do we disclose any specific information or data to any third party. Our commitment in this regard is exemplified clearly by the following factors:

- Mercer's Information Group is a respected research facility which has been producing salary surveys for over 30 years
- there is no identification on the salary input sheets except an agency number. This is our only way of identifying agencies for administrative purposes
- to protect confidentiality, where fewer than three agencies provide a component, no data can be shown. In these circumstances, this is indicated by a 'dash', while the no. recv column will indicate the number of the sample provided with the component
- Mercer reserves the right not to change the names of recipients of our surveys unless authorised to do so in writing. This is to prevent confidential survey information being provided by unauthorised personnel.

Method of analysis

Each data table has seven columns of data:

- first quartile (Q1)
- median
- third quartile (Q3)

- average
- average percentage of TRP
- average percentage of TR
- no. reporting (no. recv).

The meaning of these terms are explained in the Glossary at the end of this section.

In the **analysed by individual** profile, the **no. recv** figure shows the number of individuals who receive the component.

In the above example, if one of the four staff in Agency A receives a car allowance, as does the staff member at Agency C and no such allowance is paid to staff in Agencies B and D, the **analysed by individual** profile, will show **no. recv** as 2 (or two out of ten).

In the **analysed by agency** profile the **no. recv** figure would be 2 as two of the four agencies provide a car allowance, to at least some employees.

In the **analysed by individual** profile four statistics (Q1, Median, Q3, Average) that measure the cost of the particular component only for those incumbents receiving it. That is, they do not include zero values for those who do not receive the component.

Why the columns don't add up

It is worthwhile reviewing the method used to calculate the statistics.

Raw data - incumbents	A	B	C	D	E
Salary	35,000	36,250	37,750	39,200	42,500
Superannuation	1,750	1,813	3,775	1,176	2,215
Leave Loading	471	488	508	528	-
Car allowance	6,000	-	700	4,000	-
Total Remuneration Package	43,221	38,550	42,733	44,904	44,625
Incentive bonus	10,000	250	3,765	-	-
Total Reward	53,221	38,800	46,498	44,904	44,625

Analysis by individual	Q1	Median	Q3	Average	No. Rec
Salary	36,250	37,750	39,200	38,140	5
Superannuation	1,463	1,813	2,950	2,128	5
Leave Loading	484	498	513	499	4
Car allowance	-	-	-	3,567	3
Total Remuneration Package	42,733	43,221	44,625	42,807	5
Incentive bonus	-	-	-	4,672	3
Total Reward	44,625	44,904	46,498	45,610	5

The calculations of Total Remuneration Package and Total Reward, are made separately for each incumbent, and then ranked. Thus, the median Total Reward figure, for example, is not the sum of all the medians of each component included in Total Reward (i.e. not the sum of the column). It is the median figure for the Total Reward of all incumbents, regardless of how many or what value of remuneration components they received.

It would be an extreme coincidence if, for example, the median Base Salary and median Total Reward shown were the actual details for any particular individual.

The four statistics measure the value of the component only for those individuals receiving it. Because of this, the figures given on different lines of the profile cannot simply be added to check the totals shown.

Using the data

Some idea of the data spread can be gained in the following way:

- if the average for a component is much higher than the median and closer to the third quartile, it means a few agencies paid very highly in relation to the rest for this component
- if the average is close to the first quartile, a few agencies paid much lower than the majority for this component
- if the average is close to the median, as many agencies paid high as paid low, and the data is approximately normally distributed.

Percentile ranks and an average are provided, and most agencies have a chosen market position that relates to one of these figures. This breadth of data has the following advantages:

- It allows data that falls above and below an organisation's chosen market position to be taken into account. That is, it can be of use for establishing ranges or individual pay rates according to skill or performance.
- It allows the highs and lows of individual remuneration rates to be taken into account.
- Even if remuneration is set according to a specific market position, the range of statistics shown enables comparison of, for example, average and median values, and so determine whether relatively high or low values are impacting on the data.

8

Glossary of Terms

Base Salary [BS]

Base Salary represents the full time equivalent annualised PAYE salary. It *includes* post-tax employee superannuation contributions and any additional car post-tax salary sacrifice amount. It *excludes* all other cash components including bonus, and allowances.

Total Remuneration Package [TRP]

Base Salary plus the total of the following items:

- Superannuation (including the EPSC component)
- Motor Vehicles (including parking and FBT)
- Other fixed benefit items

Total Reward [TR]

Total Remuneration Package plus actual annual incentive/bonus payments.

Statistical Terms

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 above which 50% of the scores fall and below which 50% of the scores fall.

First and third quartile (Q1 and Q3)

After calculating the median, the first quartile is the midpoint of the lower half of the sample and the third quartile is the mid point of the upper half of the sample. That is, the first quartile is the score below which 25% of the cases fall and above which 75% fall, and the third quartile is the score below which 75% of cases fall and above which 25% fall.

Percentile

A percentile is a variable dividing the distribution of a set of scores into one hundred equal parts. Hence, at the 83rd percentile, 83% of the sample fall below this point and 17% of the sample are above it.

Average percentage of TRP and TR

The average of TRP and TR are included to illustrate the percentage breakdown of each component in TRP and TR.

No. recv

The *no. recv* figure is the number of the sample reporting to a component. If one agency inputs data on three positions, but only one of them receives a car, this will only count as *1 recv* in the profile report.

MERCER
Human Resource Consulting

101 Collins Street Melbourne VIC 3000
GPO Box 1925R Melbourne VIC 3001
03 9245 5555